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NOVEMBER/DECEMBER 1998

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Asia on the Edge

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Nicholas Kristof *on* Japan's Distrustful Neighbors

Ted Carpenter *on* America's Destabilizing China Policy

Madeleine Albright
on America's Global Role

Combating Catastrophic Terrorism
ASHTON CARTER • JOHN DEUTCH • PHILIP ZELIKOW

David Hale defends the IMF,
Bernard Lewis explains Usama bin Ladin,
and *Michael Howard* reviews the
Bush-Scowcroft memoir

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FOREIGN AFFAIRS

NOVEMBER/DECEMBER 1998
VOLUME 77, NUMBER 6

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Comments

MIEL/CARTOONIST & WRITERS SYNDICATE

Cozy U.S.–China relations have alarmed Taiwan, unsettled Japan, and pushed India to nuclear tests.

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Roiling Asia

U.S. Coziness with China Upsets the Neighbors

Ted Galen Carpenter

In trying to defrost its chilly relationship with China, the Clinton administration has overshot the mark. Its rapprochement with Beijing has sent political tremors through East and South Asia. The increasingly cozy U.S.-Chinese relationship—described by President Clinton and Secretary of State Madeleine K. Albright in terms like "strategic cooperation" and "strategic partnership"—has alarmed Taiwan, unsettled longtime U.S. allies Japan and South Korea, and prodded India to unveil its nuclear weapons program. Such reactions will have long-term repercussions for Washington's political and military roles in Asia.

INDIA ALIENATED

Attributing New Delhi's decision to conduct nuclear tests and move toward "weaponizing" its atomic program solely to the evolving U.S.-Chinese relationship is an oversimplification. The five-decade-old feud with Pakistan, as well as domestic politics, clearly played a role. Nevertheless, Indian officials and opinion leaders vehemently stressed not only the alleged security threat posed by China but Washington's apparent tilt toward Beijing. India's defense minister, George Fernandes, reacted bluntly to U.S. criticism of the tests. "I would ask Bill Clinton only one question. And it would be this: Why is it that you feel yourself so close to China that you can trust China with nuclear weapons ... but you cannot trust India?" The strategy editor of *The Hindu* newspaper reflected the same sense of irritation and betrayal: "We were being told to stay in a small box while the U.S. gave South Asia to China." Even a prominent critic of the tests, former Prime Minister I. K. Gujral, asked, "If you have decided that this side of Suez is an area of influence of China, what should an Indian policymaker do?"

American officials further alienated the Indian government by contemptuously dismissing protests about growing U.S.-Chinese ties. The scorn over Delhi's objections to Clinton and Chinese President Jiang Zemin's joint declaration in June pledging cooperation to stem nuclear weapon and ballistic missile

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proliferation and promote peace and stability in South Asia was typical. The Indian government noted that it was "ironical that two countries that have directly and indirectly contributed to the unabated proliferation of nuclear weapons and delivery systems in our neighborhood are presuming to prescribe the norms for nonproliferation."

Such rebukes understandably irked Clinton and Albright, but Albright's reaction betrayed a complete unwillingness to accord Delhi's concerns even a modicum of respect. She accused the Indians of acting as though a call for a halt to proliferation "doesn't apply to them, that everybody is out of step with them." She added ominously, "They had better stop dismissing statements like this." The secretary acted as if India had no right to object to a coordinated U.S.-Chinese policy on key issues—including Kashmir—in India's backyard. From India's perspective, the declaration looked like the product of a U.S.-Chinese condominium to dictate outcomes in South Asia. No major power could accept such a development placidly. Indeed, Washington's insensitivity may intensify, rather than reduce, Delhi's determination to build a nuclear deterrent and adopt a more assertive foreign policy.

SELLING OUT TAIWAN

Warming U.S.-Chinese relations have naturally worried Taiwan. In a brief statement during his trip to China, President Clinton stopped short of embracing China's position that Taiwan is merely a renegade province, but affirmed, "We don't support independence for Taiwan, or two Chinas, or one Taiwan, one China. And we don't believe that Taiwan should be a member in any organization for which statehood is a requirement." Premier Vincent Siew reacted harshly, asserting that China and the United States were not entitled to negotiate about Taiwan's political status; that could be determined only by the people in Taiwan. Parris Chang, a member of Taiwan's National Assembly and head of the pro-independence Democratic Progressive Party's mission in the United States, accused Clinton of "selling out" Taiwan.

Taiwan worried, first, that China would exploit Clinton's comment and the newly strengthened relationship with the United States for leverage in any cross-straits dialogue about Taiwan's future. Those fears proved well founded. Barely a week after Clinton's Shanghai statement, Beijing expressed confidence that Taipei would "get a clear understanding of the situation." Lest anyone fail to appreciate the substance of the new reality, the official newspaper *China Daily* quoted a high Chinese official as saying that Clinton's comments had "provided favorable conditions" for resolving the Taiwan issue.

Second, Taipei worried that the new rhetorical tilt toward Beijing presaged reductions in—and ultimately elimination of—U.S. arms sales to Taiwan. Taiwanese officials and opinion shapers noted that prominent American experts on East Asia were already advocating that course. Even before the Clinton-Jiang summit, Taipei appeared to be hedging its bets, most tangibly by developing a sophisticated indigenous defense industry. Last year the Taiwanese air force commissioned its first wing of domestically built fighters. *The Free China Journal* admitted that the

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project "was aimed at circumventing difficulties in procuring advanced arms from abroad, especially the United States." Parris Chang urged his country to build submarines "with the transfer of technology from abroad"—advice Taipei appears to be heeding.

The growing lack of confidence in U.S. willingness to defend Taiwan from Chinese aggression or intimidation is pushing Taiwan to become more militarily self-reliant. Like India, it is seeking to protect its security in the context of a U.S.-Chinese strategic partnership.

AN UNEASY JAPAN

The president's decision to fly directly to Beijing and return without stopping in Tokyo made Japan nervous. U.S. Ambassador to Japan Thomas Foley assured his hosts that the United States continues to regard the alliance with Japan as its most important bilateral relationship in the region, but the Clinton-Jiang summit suggested otherwise. A front-page story in the *Nihon Keizai Shimbun* contended that the summit "highlighted the idea of 'Japan's passing.'" Atsushi Kuse, a leading political analyst in Tokyo, observed: "Given the fact that Clinton spent a full nine days in China, and the nature of his visit—that the discussions were much broader than expected, including business, economics... it gives Japanese leadership the clear signal that America is serious about deepening its relationship with China."

Perhaps most damaging was Clinton's comment, in his joint news conference with Jiang, that "the United States and China will do whatever we can to restore confidence in the Japanese economy." Tellingly, Secretary of the Treasury Robert Rubin, while in Beijing on June 26, heaped praise on the Chinese for holding the line against currency devaluation and taking other measures to stabilize the regional economic environment. At the same time he sharply criticized Tokyo, insisting that Japan "must solve its problems." Harvey Sicherman, president of the Foreign Policy Research Institute, observed that Rubin's Beijing confab was "the first time since World War II that the U.S. and China had joined together in publicly criticizing Japan."

Unlike their counterparts in India and Taiwan, Japanese officials have not yet moved assertively to counter the U.S.-Chinese partnership. Publicly, they even profess to be unconcerned about the summit's implications for Japan; privately, however, their comments convey a different attitude. The *Sankei Shimbun* reported that "some government officials have expressed concern that from now on the United States and China may try to take the greater initiative in addressing security issues in the Far East." On another occasion, a Foreign Ministry source admitted to a *Mainichi Shimbun* correspondent that there was "growing concern" that "the United States may try to use both a China card and a Japanese card." Other high-level diplomatic sources added that if Washington sought to establish such an equidistant relationship, Tokyo might be forced to review its strategy and become a political superpower that could contend with the United States and China.[1]

[1] Ken Yamada, "Search for Ways to Coexist: Clinton's First Trip to China," *Mainichi Shimbun*, June 25, 1998.

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There are already a few intriguing hints of a change in Japanese attitudes toward their country's political and military role. In the buildup to the Clinton-Jiang summit, former Japanese Prime Minister Morihiro Hosokawa published several articles arguing that the U.S. troop presence in Japan be sharply reduced and that Japan play a far more vigorous role in the alliance. The timing might have been coincidence, but it also might have been a trial balloon sent up by a faction in Japan's political elite to gauge sentiment in both their country and the United States. Hosokawa is by far the most prominent Japanese to advocate radically revising the strategic relationship with the United States.

There are other indications that Japanese leaders are becoming impatient with their country's dependence on the United States. Tokyo has been unusually resistant to U.S. pressure to change its economic policies. Similarly, when North Korea conducted its test of the intermediate-range Taepo Dong-1 missile—overflying Japan in the process—Japan showed uncustomary hostility to U.S. attempts to dampen the crisis. Indeed, Japan immediately sought to stanch financial outflows to North Korea (primarily from Koreans residing in Japan) and hinted that it might conduct a missile test of its own to launch a satellite—something that would upset Japan's neighbors and was certainly not favored by the United States.

FEAR THE PANDA

The reactions of India, Taiwan, and Japan may be blessings in disguise, since the choice of China as a strategic partner is misguided. Even assuming that America would benefit from elevating a regional power to that status (a highly debatable proposition), U.S. leaders should logically prefer a stable power. After all, Washington's stated objective is to maintain the current network of economic relations and the relatively benign security environment. It is not at all clear that China is now—much less will continue to be—a status quo power.

Although China's extensive economic ties with its Asian neighbors and the United States are important incentives for status quo behavior, other factors encourage aggressive revisionism. Most important, China still nurses grievances over the humiliations and territorial amputations suffered in the nineteenth century. Hence the return of Hong Kong acquired an importance that transcended the territory's economic value, as it became a symbol of China's restored national pride. The scheduled return of Macau in 1999 is another step, but China's leaders and population may not consider the process complete until Taiwan is regained, the land taken by the Russian empire recovered, and Beijing's claims in the South China and East China Seas vindicated. China may not, in fact, harbor expansionist ambitions, but such an array of unresolved problems points to a less sanguine conclusion. Moreover, the history of international relations shows that rising great powers, especially those with territorial claims, typically pursue assertive and abrasive policies; consider the United States throughout the nineteenth century or Wilhelmine Germany during the late nineteenth and early twentieth centuries.

The jury is still out on whether China will replicate such behavior, but assuming that American and Chinese security interests are compatible enough to warrant

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a strategic partnership is unduly optimistic. Moreover, if those who contend that the two countries' interests are likely to conflict are correct, choosing China as a strategic partner would be folly. Indeed, if the concerns about China's future strategic behavior have any merit, the United States should be pursuing precisely the opposite course: encouraging other regional powers or groups of powers to counterbalance China. As UCLA's Deepak Lal says, "It would seem bizarre to penalize the one country in the region that might provide a strategic counterweight [i.e. India]." Japan could also counterbalance China.

BLUEPRINT FOR GRIEF

Perhaps the Clinton administration is trying to modify China's behavior by entangling it in an elaborate web of diplomatic and economic ties with the United States. In a speech just before his departure for China, Clinton rebuked those who advocated isolating it. On other occasions, the president and his advisers have cautioned that treating China as an enemy may be a self-fulfilling prophecy. But other factors also appear to be playing a role. In particular, Washington has become increasingly disenchanted with Tokyo, its traditional, albeit dependent, partner in Asia, because of its inaction in the region's economic crisis.

Whatever the mix of motives, the administration's policy is misguided. Clinton rightly insists that isolating China would be foolish and counterproductive. Indeed, the United States should seek opportunities to work with China when the interests of the two countries overlap. Containing North Korea's nuclear program and otherwise reducing tensions on the peninsula would seem to be such an opportunity. But engaging China and maintaining a cordial relationship is one thing; forming a strategic partnership is quite another.

The last thing the United States should do is encourage China to see itself as the dominant regional power with America's blessing—or, worse, combine such a course with punishing India for wanting to counterbalance Chinese power and keeping Japan as America's carefully tethered and barely trusted junior security assistant. That is a blueprint for a brittle, bipolar environment in Asia in which the only security actors that matter are the United States and China. The likely outcome would be eventual Chinese hegemony, since China's economic and military power is gradually increasing and the region lies far from the principal locus of U.S. power.

Far better, from the standpoint of American interests, would be to avoid an overt strategic partnership with any Asian state and encourage the emergence of multiple power centers. The existence of several significant security actors would complicate the calculations of China or any other power with hegemonic ambitions. Ironically, Washington's courtship of Beijing may accelerate such a process. India has already concluded that the United States will not shield it from China and has gone nuclear to protect its security. Japan, Taiwan, and other Cold War clients have had their confidence in U.S. constancy badly shaken and are beginning to pursue independent courses. Washington will rue these unintended results of its China policy.

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The IMF, Now More than Ever

The Case for Financial Peacekeeping

David D. Hale

Would the world need an International Monetary Fund today if it did not already exist? As the outlook for the world economy becomes increasingly gloomy, the answer is an urgent yes. After Russia defaulted on its debt in mid-August, interest rates in emerging markets have skyrocketed so high that half of the world economy is courting recession next year. But precisely this turbulence in global financial markets demonstrates why the world needs the IMF: no other organization can serve as lender of last resort to buffer extreme economic turmoil during market stress.

The IMF failed to stem the Russian collapse not because its reform package was flawed but because Russia's domestic woes—combined with its sensitivity to the global slump in oil and commodity prices—were too severe to prevent market panic. Had the $22 billion IMF package for Russia been as large as its $40 billion bailout of Mexico in 1995, investors would probably not have fled. Instead, Russia's fiscal position was so delicate that investors decided $22 billion was not enough to guarantee success.

Beyond Russia, however, the IMF has successfully tempered the Asian financial crisis. Indeed, the fund's performance in Asia has highlighted the three roles it needs to play in today's economy. First, the IMF offers macroeconomic policy advice that politicians can sell to voters as their own; although the fund remains heavily influenced by the United States and other G-7 countries, it still offers a semblance of autonomy that makes its policy proposals more politically acceptable for borrowers. Second, the IMF acts as a global lender of last resort during a liquidity crunch, similar to the role played by national central banks during domestic banking crises. In this capacity, the fund can step in when market panic prevents a troubled economy from receiving necessary credit. Third, the IMF promotes microeconomic reforms that might otherwise be politically unacceptable. Such reforms have generally helped promote noninflationary economic growth.

RUSSIAN ROULETTE

The Russian default was the third stage in the global financial contagion that

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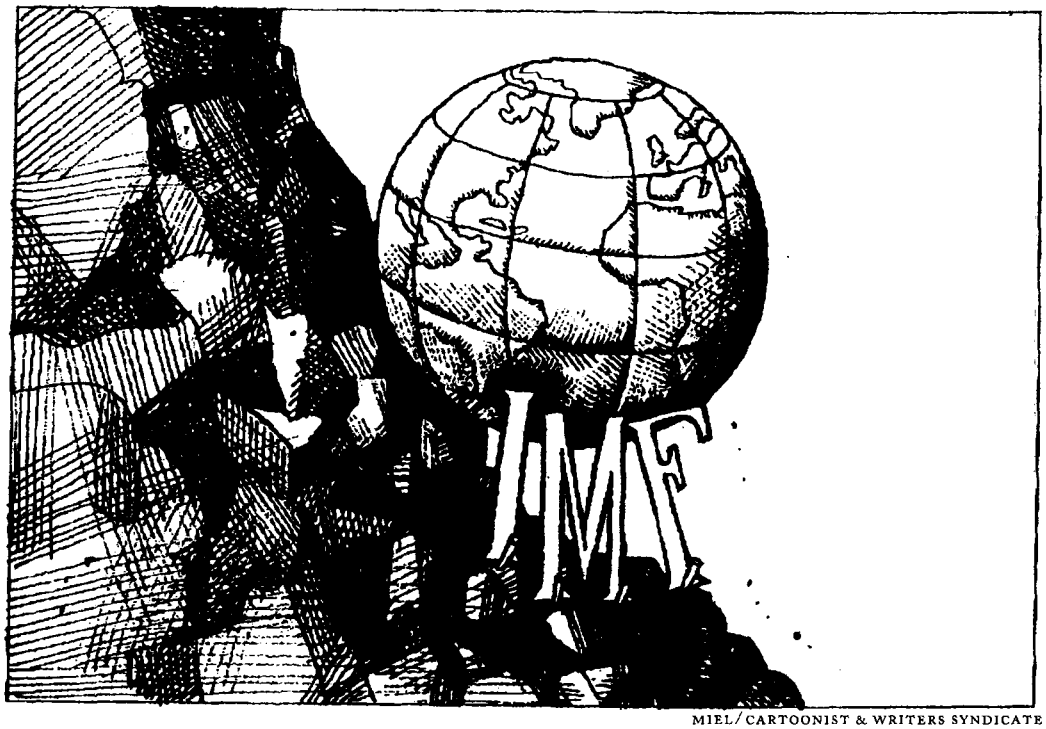

MIEL/CARTOONIST & WRITERS SYNDICATE

began with the devaluation of the Thai baht in July 1997. In the first stage, Thailand's currency depreciation triggered a sudden collapse in other Asian exchange rates, causing a rash of bankruptcies among corporations and financial institutions that had borrowed heavily in U.S. dollars in the first half of the 1990s. In turn, the devaluations contributed to a slide in world commodity prices, leading currencies of other commodity producers such as Australia, Canada, New Zealand, Chile, and Mexico to plummet as well. During these two stages, Russia escaped a ruble devaluation thanks to previously pledged IMF support and investor demand for high-yield Russian Treasury bonds. But when the IMF failed to help sustain the ruble in the spring and early summer as it came under pressure from Russia's large budget deficit and first postcommunist trade deficit, investors panicked. The resulting capital flight out of Russia and other emerging markets produced a $2 trillion to $3 trillion decline in the value of global stock market capitalization and caused a correction in American fixed-income instruments and corporate bond markets so large that even sophisticated hedge funds like Long Term Capital were eventually hit.

With the Russian crisis threatening to spiral out of control, the IMF assembled a $22 billion package for Russia in July, over the objections of many of its own officials. The United States had to lobby the IMF to relax its conditions for lending to Russia on the grounds that Russia was "too nuclear to go bust." Following the IMF's announcement of the loan, however, events turned against the fund. The communist-dominated Duma refused to pass measures essential for reform, such as tax increases. In addition, the price of oil continued to slide as OPEC members failed to cap crude production, while the ongoing turmoil in

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Asia depressed commodity prices further and increased investor skittishness over emerging markets. New York hedge funds and Russian banks took advantage of the new IMF loan to withdraw from the market and take their dollars offshore. In the end, the IMF program failed to rescue the ruble and prevent a government default because investors decided that Russia was too expensive to save.

Russia's reformers might have been able to lay the groundwork for a more sound market economy, however, if the IMF had offered a package the size of its 1995 Mexico proposal. The Russian economy had begun to pick up, and direct foreign investment was poised to expand before the collapse in oil and commodity prices. A sustained upturn would have reduced the government deficit and increased public support for reform while supporting the ruble. But since the IMF package failed, Russia is now headed for hyperinflation and an economic collapse so severe that it threatens Russia's fledgling democracy. The events unfolding in Russia profoundly shock the Russian people, deal a blow to the reformers in other former Soviet republics, and crush investor confidence in all countries on its periphery. Perilously, the fate of Russia now rests on the shoulders of its increasingly fragile president and fragmented coalition government, out of the West's control.

Critics charge that the IMF's loans to Russia were imprudent and wasteful. Indeed, many in the IMF who opposed the July package agree. But the fund's miscalculation with Russia demonstrates the complexity of its mission. Russia still deserves Western assistance as a defeated but potentially dangerous nuclear power. The West, however, has yet to create an effective framework to aid a country whose political institutions are still reeling from 70 years of command economy mismanagement and a corrupt redistribution of state assets after communism's collapse. Tragically, the reformers who dominated the government in July did not have enough time to establish market credibility and challenge the iron grip of Russia's business oligarchs before the slump in oil and commodity prices. As a result, a new team has taken over that is deeply divided over policy and liable to print money to finance the budget. The resulting hyperinflation could either set the stage for the reformers to return or spark a nationalist backlash.

OPTIMISM IN ASIA

While Russia remains mired in crisis, the IMF can point to Asia as one area where it has helped. Critics charge that Asia's economic downturn proves the IMF is an ineffective Band-Aid or, even worse, a rescuer of undeserving bankers. But the truth is that Asia's private sector had accumulated so much dollar-denominated debt before the crisis that an economic slump was inevitable once exchange rate uncertainty provoked a flight of private capital. While Latin America's collapse in the 1980s resulted from large budget deficits and wasteful government expenditures, the Asian crisis stemmed from private-sector mismanagement. From 1990 to 1997, annual capital flows to developing countries expanded from $50 billion to $300 billion, with a large share going to Asia as direct investment, portfolio investment, and bank lending. The surplus global liquidity and low cost of borrowing encouraged reckless allocation of capital, including speculative real estate

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ventures (Thailand), ill-conceived industrial projects (South Korea), and crony capitalist networks that based investment decisions on political relationships rather than purely commercial criteria (Indonesia and Malaysia).

As the crisis deepened in 1997, the IMF was once again called to the rescue. With the Asian economies facing an impending liquidity crunch, the fund provided enough credit to prevent formal government defaults and maintain future access to capital markets. If South Korea, Thailand, and Indonesia had defaulted unilaterally, they would have lost access to loans for several years—just as Mexico did after its 1982 default. Instead, South Korea and Thailand have maintained global market access, begun recapitalizing their economies, and rolled over a large volume of their existing bank loans. Thailand has attracted over $8 billion in foreign capital since March for bank equity recapitalization, buyouts of bankrupt companies, and sales of defaulted finance company loans. South Korea was able to sell government bonds in April that were only three to four percentage points over U.S. bond yields, while a few South Korean companies have started negotiations with foreign firms on potential asset sales. Mexico, by contrast, was not able to borrow for seven years after its default.

Indonesia is a tougher case. A few Indonesian companies, however, have been able to issue corporate bonds and obtain access to bank loans. While Indonesia still suffers from a liquidity crunch, one of its paper companies was able to sell Eurodollar bonds at an interest rate of about 12 percent in April, which would not have been possible after a formal default. As a result of its IMF agreement, Indonesia also has access to more humanitarian aid to feed its people and address rising unemployment. If the Habibie government establishes a credible democratic base, confidence should improve further and set the stage for a recovery for private capital flows in late 1999.

RISKY BUSINESS

Some economists argue that countries and investors may take excessive risks knowing the IMF will come to their rescue—the "moral hazard" critique. But this argument is unrealistic. First, the absence of a lender of last resort could result in political turmoil so grave as to outweigh any short-term financial consequences. Without a buffer of credit, a developing country's financial crisis could spin out of control and lead to political and economic chaos. Second, the suffering that a country in crisis endures is already so severe that risk-prone parties quickly learn their lesson without lectures about moral hazard from well-meaning economists. Third, IMF credit is necessary when the behavior of the market takes an inexplicable turn. The Asia crisis is a prime example: capital flows in the private sector expanded and contracted quickly enough to produce debilitating economic instability. Private investors today are driven by the same mixture of greed and fear that has characterized capitalism throughout history. In times of crisis, market irrationality often prevents a country from overcoming a severe tightening of credit. Finally, critics often exaggerate moral hazard risk by confusing the causes of a crisis. IMF reforms are generally preceded, not followed, by slumping market value of companies and eroded market confidence in bank loans.

Critics often charge that the 1995 Mexican bailout encouraged reckless

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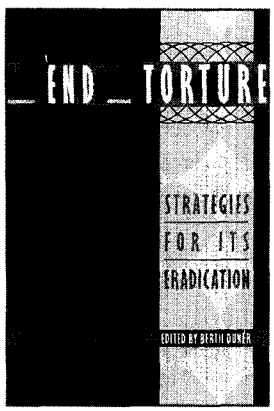

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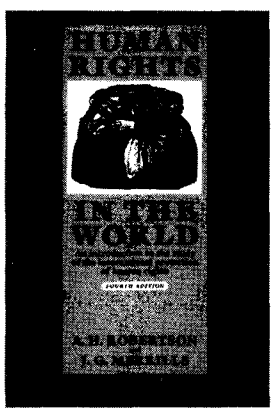

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lending to Asia. In fact, banks continued to lend to Asia after 1995 because they did not perceive it as vulnerable to the same problems as Mexico. The peso came under pressure from a current account deficit, political instability, and a strong dollar bolstered by high U.S. interest rates. Asia, in contrast, depended far more on seemingly safe forms of capital flows such as bank loans and foreign direct investment. Ironically, American banks were far more cautious in Asia than their European or Japanese counterparts and will therefore have to write off fewer losses; the Latin American experience in the 1980s taught them to adopt more discriminating lending policies than French and German banks eagerly entering emerging market lending for the first time.

SCYLLA AND CHARYBDIS

Moral hazard aside, the IMF has miscalculated at times. In Asia, the IMF fumbled in sequencing its reform programs. In Indonesia, for example, it proposed shutting down several corrupt banks with links to the Suharto family before the country had established a system of deposit insurance. The prospect of a major bank collapse stunned the population and sparked a massive withdrawal of deposits, causing the central bank to intervene to stabilize the financial system. This intervention greatly eroded confidence in the currency and helped push Indonesia's inflation rate to 50-60 percent this summer from 6-7 percent a year ago. The reform program was sound, but the timing was disastrous.

Another complication that the IMF failed to foresee was that some Asian leaders took advantage of IMF lending to engage in large-scale capital flight on their own. Suharto's friends and children exported several billion dollars from Indonesia during late 1997 as the political and economic crisis worsened. Faced with such large capital outflows, international lenders have a much harder task in stabilizing the currency and protecting the local financial system. Ironically, one major beneficiary of such capital flight is the United States, the world's largest capital market and the holder of the leading currency. It is no accident that the massive expansion of IMF lending to Asia and Russia during the past year was matched by a bull market on Wall Street.

Faced with these challenges, what is the IMF to do? Its basic role is inherently controversial. It has to demand that borrowers accept fiscal and monetary austerity to regain investor confidence, but runs the risk that fiscal restraint might coincide with a private sector debt crisis. In turn, the government of the borrowing country must struggle to achieve its budget targets without imposing socially disruptive cuts in public expenditure. If social unrest spins out of control, as it did in Indonesia, the IMF must back down to prevent a complete social and political collapse. Indonesia, for example, will soon have a deficit equal to ten percent of GDP—sharply higher than the balanced budget the IMF had demanded in January. South Korea will also have to relax its fiscal target to create a social safety net for unemployed workers.

Another potential minefield for the IMF is the question of banking reform. The fund is theoretically not supposed to intrude on private sector contracts when drawing up reform proposals. If faced with an overleveraged private sector rather than a bloated public sector, however, a reform program will not work unless

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bankers provide debt rescheduling up front. The failure of the first two IMF programs in Indonesia to stabilize the rupiah illustrates how difficult it is for any program to restore confidence when the major problem is private sector debt. The fund imposed many attractive and overdue microeconomic reforms on the Suharto government, but they failed to stabilize the currency because the country's corporate sector had such massive dollar liabilities that it could not service the debt without loan rescheduling or a rupiah revaluation. More encouragingly, the IMF was able to stabilize the Korean won because the U.S. Treasury and Federal Reserve lobbied the commercial banks to roll over existing loans.

In the end, the magnitude of the global market collapse after the Russian default illustrated how badly the market had misjudged Russian credit and the capacity of the IMF and the U.S. Treasury to intervene effectively. Their inability to save Russia demonstrated the limits of their power and caused investors to reassess risk all around the world. Countries such as Brazil and Venezuela had to hike interest rates immediately to discount the risk of immediate default. The resulting rise in borrowing costs was so severe that a Latin American recession will be unavoidable in 1999.

DON'T GET CHEAP

The IMF's critics, including Republican members of Congress, charge that its only mission is to rescue bankers from their own foolishness and encourage reckless lending to countries undeserving of international support. Other commentators lambaste the IMF's assistance to countries under authoritarian regimes, such as Suharto's Indonesia, and see IMF funds as nothing more than financial aid for dictators. But these critics fail to grasp the larger historical implications. If Russia does revert back to authoritarian rule and a command economy, historians will say that the West lost Russia because it was not prepared to spend enough to ensure its successful transition into a market economy. The United States stands right in the middle of this debate, having used the IMF since the Cold War as a proxy agency for American foreign policy. Whether with Mexico in 1995 or Asia in 1997, the United States has decisively shaped the IMF agenda, calling for the liberalization of trade and investment in countries that would otherwise resist implementation of these policies through bilateral channels. As Deputy Treasury Secretary Lawrence Summers said in February, "The IMF has done more to promote America's trade and investment agenda in Korea than 30 years of bilateral trade talks."

The Clinton administration has asked Congress to provide over $18 billion in new IMF funding to help expand its total capital to $280 billion, but the House continues to refuse. If America fails to provide its share, the IMF will have to find other means of funding, such as borrowing in commercial paper and bond markets or greater contributions from other members, that would inevitably reduce U.S. influence. Last autumn Eisuke Sakakibara, Japan's vice minister of finance, proposed creating an Asian monetary fund to bolster the resources available to the region's troubled countries. The U.S. Treasury rejected that idea because it feared it would establish an institution that could compete with the

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IMF—and thus weaken American control. Congress must decide whether America wants to pay the cost of leadership.

Great economic crises do not occur in political vacuums. In the 1930s, depression led to global war and cost millions of lives. In Indonesia today, the streets of Jakarta have already seen bloodshed and attacks on ethnic Chinese. While China has mostly stayed aloof so far, it has formally indicated its concern to the Indonesian government. If civil war were to break out in Indonesia, it would disrupt the 40 percent of the globe's shipping—including energy supplies for Japan and electronic goods for the entire world—that passes through its waters. The economic crisis may strengthen the hand of extremist Islamic parties and pose new foreign policy problems for the United States. In short, the consequences of an Indonesian collapse would be so grave that IMF intervention should be classified as financial peacekeeping, not just economic assistance.

The great difference between today's economy and the emergence of the modern market economy a century ago is the speed and frequency with which money moves across borders. As the shocks following the Russian default have shown, economists still cannot fully comprehend the consequences of a global financial system that can move capital so quickly and cheaply. The viability of such a system remains in doubt. But despite these differences, today's debate recalls many issues that first emerged in the arguments over the establishment of the U.S. Federal Reserve in 1914. Due to its longstanding populist tradition and skepticism over central banks, the United States was one of the last industrialized nations to establish a national central bank. But those doubts vanished. Central banks are now widely seen as necessary in supervising banking systems and providing liquidity during crises. A consensus has also emerged that the world requires better financial supervision, increased transparency, and improved corporate disclosure and governance. True, less agreement exists over whether the global economy needs an institution comparable to a global central bank to promote such reforms and offer liquidity during periods of crisis. As a consequence of Bretton Woods, however, the IMF has evolved into an institution that assumes some basic functions of a global central bank without provoking needless debate about whether the world needs a global currency or political union. As the Asian crisis has demonstrated, it still has much to learn from the revolution in technology and financial behavior in recent years. But in 1998, the IMF remains the best solution in an imperfect world. If the IMF did not exist, governments would be frantically debating today whether to establish such an organization.

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License to Kill

Usama bin Ladin's Declaration of Jihad

Bernard Lewis

On February 23, 1998, *Al-Quds al-Arabi*, an Arabic newspaper published in London, printed the full text of a "Declaration of the World Islamic Front for Jihad against the Jews and the Crusaders." According to the paper, the statement was faxed to them under the signatures of Usama bin Ladin, the Saudi financier blamed by the United States for masterminding the August bombings of its embassies in East Africa, and the leaders of militant Islamist groups in Egypt, Pakistan, and Bangladesh. The statement—a magnificent piece of eloquent, at times even poetic Arabic prose—reveals a version of history that most Westerners will find unfamiliar. Bin Ladin's grievances are not quite what many would expect.

The declaration begins with an exordium quoting the more militant passages in the Quran and the sayings of the Prophet Muhammad, then continues:

> Since God laid down the Arabian peninsula, created its desert, and surrounded it with its seas, no calamity has ever befallen it like these Crusader hosts that have spread in it like locusts, crowding its soil, eating its fruits, and destroying its verdure; and this at a time when the nations contend against the Muslims like diners jostling around a bowl of food.

The statement goes on to talk of the need to understand the situation and act to rectify it. The facts, it says, are known to everyone and fall under three main headings:

> First—For more than seven years the United States is occupying the lands of Islam in the holiest of its territories, Arabia, plundering its riches, overwhelming its rulers, humiliating its people, threatening its neighbors, and using its bases in the peninsula as a spearhead to fight against the neighboring Islamic peoples.
>
> Though some in the past have disputed the true nature of this occupation, the people of Arabia in their entirety have now recognized it.
>
> There is no better proof of this than the continuing American aggression against the Iraqi people, launched from

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Bernard Lewis is Cleveland E. Dodge Professor Emeritus of Near Eastern Studies at Princeton University. His books include *The Arabs in History*, *The Emergence of Modern Turkey*, and, most recently, *The Middle East: A Brief History of the Last 2,000 Years*.

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Arabia despite its rulers, who all oppose the use of their territories for this purpose but are subjugated.

Second—Despite the immense destruction inflicted on the Iraqi people at the hands of the Crusader-Jewish alliance and in spite of the appalling number of dead, exceeding a million, the Americans nevertheless, in spite of all this, are trying once more to repeat this dreadful slaughter. It seems that the long blockade following after a fierce war, the dismemberment and the destruction are not enough for them. So they come again today to destroy what remains of this people and to humiliate their Muslim neighbors.

Third—While the purposes of the Americans in these wars are religious and economic, they also serve the petty state of the Jews, to divert attention from their occupation of Jerusalem and their killing of Muslims in it.

There is no better proof of all this than their eagerness to destroy Iraq, the strongest of the neighboring Arab states, and their attempt to dismember all the states of the region, such as Iraq and Saudi Arabia and Egypt and Sudan, into petty states, whose division and weakness would ensure the survival of Israel and the continuation of the calamitous Crusader occupation of the lands of Arabia.

These crimes, the statement declares, amount to "a clear declaration of war by the Americans against God, his Prophet, and the Muslims." In such a situation, the declaration says, the *ulema*—authorities on theology and Islamic law, or *sharia*—throughout the centuries unanimously ruled that when enemies attack the Muslim lands, jihad becomes every Muslim's personal duty.

In the technical language of the *ulema*, religious duties may be collective, to be discharged by the community as a whole, or personal, incumbent on every individual Muslim. In an offensive war, the religious duty of jihad is collective and may be discharged by volunteers and professionals. When the Muslim community is defending itself, however, jihad becomes an individual obligation.

After quoting various Muslim authorities, the signatories then proceed to the final and most important part of their declaration, the *fatwa*, or ruling. It holds that

> To kill Americans and their allies, both civil and military, is an individual duty of every Muslim who is able, in any country where this is possible, until the Aqsa Mosque [in Jerusalem] and the Haram Mosque [in Mecca] are freed from their grip and until their armies, shattered and broken-winged, depart from all the lands of Islam, incapable of threatening any Muslim.

After citing some further relevant Quranic verses, the document continues:

> By God's leave, we call on every Muslim who believes in God and hopes for reward to obey God's command to kill the Americans and plunder their possessions wherever he finds them and whenever he can. Likewise we call on the Muslim *ulema* and leaders and youth and soldiers to launch attacks against the armies of the American devils and against those who are allied with them from among the helpers of Satan.

The declaration and *fatwa* conclude with a series of further quotations from Muslim scripture.

INFIDELS

Bin Ladin's view of the Gulf War as American aggression against Iraq may seem a little odd, but it is widely—though by no means universally—accepted in

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the Islamic world. For holy warriors of any faith, the faithful are always right and the infidels always wrong, whoever the protagonists and whatever the circumstances of their encounter.

The three areas of grievance listed in the declaration—Arabia, Iraq, and Jerusalem—will be familiar to observers of the Middle Eastern scene. What may be less familiar is the sequence and emphasis. For Muslims, as we in the West sometimes tend to forget but those familiar with Islamic history and literature know, the holy land par excellence is Arabia—Mecca, where the Prophet was born; Medina, where he established the first Muslim state; and the Hijaz, whose people were the first to rally to the new faith and become its standard-bearers. Muhammad lived and died in Arabia, as did the Rashidun caliphs, his immediate successors at the head of the Islamic community. Thereafter, except for a brief interlude in Syria, the center of the Islamic world and the scene of its major achievements was Iraq, the seat of the caliphate for half a millennium. For Muslims, no piece of land once added to the realm of Islam can ever be finally renounced, but none compares in significance with Arabia and Iraq.

Of these two, Arabia is by far the more important. The classical Arabic historians tell us that in the year 20 after the *hijra* (Muhammad's move from Mecca to Medina), corresponding to 641 of the Christian calendar, the Caliph Umar decreed that Jews and Christians should be removed from Arabia to fulfill an injunction the Prophet uttered on his deathbed: "Let there not be two religions in Arabia." The people in question were the Jews of the oasis of Khaybar in the north and the Christians of Najran in the south. Both were ancient and deep-rooted communities, Arab in their speech, culture, and way of life, differing from their neighbors only in their faith.

The saying attributed to the Prophet was impugned by some earlier Islamic authorities. But it was generally accepted as authentic, and Umar put it into effect. The expulsion of religious minorities is extremely rare in Islamic history—unlike medieval Christendom, where evictions of Jews and (after the reconquest of Spain) Muslims were normal and frequent. Compared with European expulsions, Umar's decree was both limited and compassionate. It did not include southern and southeastern Arabia, which were not seen as part of Islam's holy land. And unlike the Jews and Muslims driven out of Spain and other European countries to find what refuge they could elsewhere, the Jews and Christians of Arabia were resettled on lands assigned to them—the Jews in Syria, the Christians in Iraq. The process was also gradual rather than sudden, and there are reports of Jews and Christians remaining in Khaybar and Najran for some time after Umar's edict.

But the decree was final and irreversible, and from then until now the holy land of the Hijaz has been forbidden territory for non-Muslims. According to the Hanbali school of Islamic jurisprudence, accepted by both the Saudis and the declaration's signatories, for a non-Muslim even to set foot on the sacred soil is a major offense. In the rest of the kingdom, non-Muslims, while admitted as temporary visitors, were not permitted to establish residence or practice their religion.

The history of the Crusades provides a vivid example of the relative importance

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MAGNUM PHOTOS/ABBAS

Defenders or defilers? U.S. troops in Saudi Arabia, 1990

of Arabia and other places in Islamic perceptions. The Crusaders' capture of Jerusalem in 1099 was a triumph for Christendom and a disaster for the city's Jews. But to judge by the Arabic historiography of the period, it aroused scant interest in the region. Appeals for help by local Muslims to Damascus and Baghdad went unanswered, and the newly established Crusader principalities from Antioch to Jerusalem soon fitted into the game of Levantine politics, with cross-religious alliances forming a pattern of rivalries between and among Muslim and Christian princes.

The great counter-Crusade that ultimately drove the Crusaders into the sea did not begin until almost a century later. Its immediate cause was the activities of a freebooting Crusader leader, Reynald of Châtillon, who held the fortress of Kerak, in southern Jordan, between 1176 and 1187 and used it to launch a series of raids against Muslim caravans and commerce in the adjoining regions, including the Hijaz. Historians of the Crusades are probably right in saying that Reynald's motive was primarily economic—the desire for loot. But Muslims saw his campaigns as a provocation, a challenge directed against Islam's holy places. In 1182, violating an agreement between the Crusader king of Jerusalem and the Muslim leader Saladin, Reynald attacked and looted Muslim caravans, including one of pilgrims bound for Mecca. Even more heinous, from a Muslim point of view, was his threat to Arabia and a memorable buccaneering expedition in the Red Sea, featuring attacks on Muslim shipping and the Hijaz ports that served

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Mecca and Medina. Outraged, Saladin proclaimed a jihad against the Crusaders.

Even in Christian Europe, Saladin was justly celebrated and admired for his chivalrous and generous treatment of his defeated enemies. His magnanimity did not extend to Reynald of Châtillon. The great Arab historian Ibn al-Athir wrote, "Twice, [Saladin said,] I had made a vow to kill him if I had him in my hands; once when he tried to march on Mecca and Medina, and again when he treacherously captured the caravan." After Saladin's triumph, when many of the Crusader princes and chieftains were taken captive, he separated Reynald of Châtillon from the rest and beheaded him with his own hands.

After the success of the jihad and the recapture of Jerusalem, Saladin and his successors seem to have lost interest in the city. In 1229, one of them even ceded Jerusalem to the Emperor Frederick II as part of a general compromise agreement between the Muslim ruler and the Crusaders. Jerusalem was retaken in 1244 after the Crusaders tried to make it a purely Christian city, then eventually became a minor provincial town. Widespread interest in Jerusalem was reawakened only in the nineteenth century, first by the European powers' quarrels over custody of the Christian holy places and then by new waves of Jewish immigration after 1882.

In Arabia, however, the next perceived infidel threat came in the eighteenth century with the consolidation of European power in South Asia and the reappearance of Christian ships off the shores of Arabia. The resulting sense of outrage was at least one of the elements in the religious revival inspired in Arabia by the puritanical Wahhabi movement and led by the House of Saud, the founders of the modern Saudi state. During the period of Anglo-French domination of the Middle East, the imperial powers ruled Iraq, Syria, Palestine, Egypt, and Sudan. They nibbled at the fringes of Arabia, in Aden and the trucial sheikhdoms of the Gulf, but were wise enough to have no military and minimal political involvement in the affairs of the peninsula.

Oil made that level of involvement totally inadequate, and a growing Western presence, predominantly American, began to transform every aspect of Arabian life. The Red Sea port of Jiddah had long served as a kind of religious quarantine area in which foreign diplomatic, consular, and commercial representatives were allowed to live. The discovery and exploitation of oil—and the consequent growth of the Saudi capital, Riyadh, from small oasis town to major metropolis—brought a considerable influx of foreigners. Their presence, still seen by many as a desecration, planted the seeds for a growing mood of resentment.

As long as this foreign involvement was exclusively economic, and as long as the rewards were more than adequate to soothe every grievance, the alien presence could be borne. But in recent years both have changed. With the fall in oil prices and the rise in population and expenditure, the rewards are no longer adequate and the grievances have become more numerous and more vocal. Nor is the involvement limited to economic activities. The revolution in Iran and the wars of Saddam Hussein have added political and military dimensions to the foreign involvement and have lent some plausibility to the increasingly heard cries of "imperialism." Where their holy land is involved, many Muslims tend to define the struggle—and

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sometimes also the enemy—in religious terms, seeing the American troops sent to free Kuwait and save Saudi Arabia from Saddam Hussein as infidel invaders and occupiers. This perception is heightened by America's unquestioned primacy among the powers of the infidel world.

TRAVESTIES

To most Americans, the declaration is a travesty, a gross distortion of the nature and purpose of the American presence in Arabia. They should also know that for many—perhaps most—Muslims, the declaration is an equally grotesque travesty of the nature of Islam and even of its doctrine of jihad. The Quran speaks of peace as well as of war. The hundreds of thousands of traditions and sayings attributed with varying reliability to the Prophet, interpreted in various ways by the *ulema,* offer a wide range of guidance. The militant and violent interpretation is one among many. The standard juristic treatises on *sharia* normally contain a chapter on jihad, understood in the military sense as regular warfare against infidels and apostates. But these treatises prescribe correct behavior and respect for the rules of war in such matters as the opening and termination of hostilities and the treatment of noncombatants and prisoners, not to speak of diplomatic envoys. The jurists also discuss—and sometimes differ on—the actual conduct of war. Some permit, some restrict, and some disapprove of the use of mangonels, poisoned arrows, and the poisoning of enemy water supplies—the missile and chemical warfare of the Middle Ages—out of concern for the indiscriminate casualties that these weapons inflict. At no point do the basic texts of Islam enjoin terrorism and murder. At no point do they even consider the random slaughter of uninvolved bystanders.

Nevertheless, some Muslims are ready to approve, and a few of them to apply, the declaration's extreme interpretation of their religion. Terrorism requires only a few. Obviously, the West must defend itself by whatever means will be effective. But in devising strategies to fight the terrorists, it would surely be useful to understand the forces that drive them.

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Fiddling in Rome

America and the International Criminal Court

Ruth Wedgwood

The recent, brutal civil wars in Cambodia, Bosnia, Rwanda, and the Congo make plain the need to prosecute amoral leaders who show no care for civilian lives. At least, this seemed the American position over the last four years as Bill Clinton and Madeleine Albright touted the creation of the International Criminal Court as a key aim of American foreign policy. And yet in July 1998, when the draft treaty to create the ICC was approved in Rome, the United States found itself in a nasty minority, siding with Libya, Iraq, Yemen, and Qatar against the court. (The final vote was 120 in favor, 7 opposed, and 21 abstentions.)

Some of Washington's concerns were serious and legitimate. American troops are deployed across the globe, and should not face the added danger of politically motivated prosecutions. But the administration failed to think through or effectively articulate its position on the court. Throughout the negotiations, wary of a skeptical Congress, the White House dithered. Though international meetings on the ICC began in 1994, the United States failed to set its bottom line—Would it back the court or not? Under what terms?—until the president's return from China in early July. Only then, four weeks into the five-week U.N. final conference in Rome, were cabinet debates resolved and instructions issued to the American negotiating team. But by then it was too late for American diplomats to convince frustrated friends and allies to accommodate new U.S. demands—a case study in how not to conduct multilateral diplomacy. A historic opportunity to shape the court in America's image was lost. Thanks to administration ambivalence and the failure of the United States to make its case to the world, what we got instead was a court America cannot agree to—at least not until the court's good faith has been tested over time.

RESISTANCE TO U.S. LEADERSHIP

The timing of the Rome conference was inauspicious for the United States. Flush from their triumph at the Ottawa land-mines conference (where they brushed aside American military needs in Korea),

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the caucus of "like-minded" states demanded an unfettered court. Under Canadian and Norwegian leadership, the "like-minded" group pried apart the unity of traditional NATO allies. Making matters more complicated, the European Union had also hailed an independent court as the hallmark of its post-Bosnia try at a common foreign and security policy. The Germans, French, and even the British (citing the "ethical dimension" of Tony Blair's foreign policy) went to Rome ready to abandon America in their race for European leadership. And nongovernmental organizations bluntly eschewed compromise, overlooking the need to reassure responsible military leaders.

Political tensions between North and South at the United Nations also complicated the bargaining. Developing countries feel a new jealousy of the Security Council's exclusive authority over international security matters. The recent, failed attempt of middle-rank powers to expand the Council has exacerbated the mood. Together, these factors made it impossible for the United States to preserve an American veto over prosecution decisions by using the requirement of Council approval.

SALVAGING THE TREATY

With all of its NATO allies committed to the International Criminal Court, America cannot now turn its back on it or give up the attempt to improve it. Senator Jesse Helms (R-N.C.) has declared war on the ICC for not giving "100 percent protection" from prosecution to American GIs. Indeed, exposure of U.S. troops and commanders to judgment by an international court free to decide for itself what is a "disproportionate" use of force (and hence a war crime) should concern Washington. But the chairman of the Senate Foreign Relations Committee must be persuaded that flaws in Rome can be constructively addressed, protecting American interests without abandoning America's leadership role.

Though the problems with the court are not fatal, they cannot now easily be fixed by renegotiation. The ICC treaty bars formal amendments for the first seven years and forbids individual reservations (opt-outs by countries). And the hostility that lingers toward the United States, in countries that made hard concessions at Rome only to then see America reject the entire treaty, makes the prospect of early alterations even more unlikely. Still, a preparatory session, scheduled for next year to hammer out rules of evidence and procedure, might be a good place to start addressing American concerns. Niggling problems in treaties have been solved in the past through lawyerly manipulation; for example, the worst parts of the Law of the Sea Treaty were amended through a side-agreement, allowing parties to avoid revisiting the cumbersome treaty itself. What worked then could now help rescue Rome, although anger toward Washington makes this path difficult.

Nonetheless, even the most obdurate of the nongovernmental organizations and "like-minded" states that dominated the Rome conference must recognize the importance of eventual U.S. participation in the treaty. Effective authority in international politics requires power as well as legitimacy. The international tribunal for the former Yugoslavia has found that its orders are paid little heed unless the United States and its allies lend their diplomatic, economic, and military muscle. In order to secure defendants,

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evidence, and funding, the new court must rely on the goodwill of many states—but foremost among them, the world's one remaining superpower.

(WAR) CRIMES AND PUNISHMENT

The general American displeasure (and the general displeasure with America) has obscured the fact that much good work was done at the ICC conference. Rome was not the total U.S. defeat that many first thought. Civil wars were brought within the court's jurisdiction, a major advance from 1949 when the drafters of the Geneva Conventions did not dare tackle internal conflicts. Thanks to this innovation, many newly democratic regimes see the Rome treaty as a source of protection, one that will guard against and punish misconduct should civil conflict resume. The treaty condemns sexual violence as an instrument of war, despite an early deadlock between women's groups and the Vatican over the treatment of enforced pregnancies.

The tragic concession made at Nuremberg to Stalin has been reversed: "crimes against humanity" can now be punished even in the absence of a war, closing a loophole that shielded Soviet leaders from liability for Katyn Forest and the Gulag. Rulers can now be punished for crimes committed against their own populations. The treaty also deals with the issue of command responsibility, pointing the finger at military and civilian leaders who fail to stop wanton acts by those under their control. And merely having a permanent court on the ground will short-cut the delays and political horseplay (seen with the Bosnia and Rwanda tribunals) involved with creating a new ad hoc tribunal to address each new crisis.

SOURCES OF COMFORT

America's allies responded in Rome to American fears with a mixture of sympathy and indifference—somewhat understandably, given the mixed messages coming out of Washington. Important changes were made in the treaty draft to reassure the United States, such as privileging national security information, and allowing a "superior orders" defense to be made when the command at issue is not clearly illegal. The treaty directs that war crimes be targeted when they are part of a "plan or policy" or "large-scale commission," not isolated acts. And the ICC prosecutor must give advance notice to a country whose troops may be investigated. Domestic systems keep the right to handle the matter first. The ICC will only step in if local courts have collapsed or the country shows a "genuine unwillingness" to act in good faith. Even then, the prosecutor can begin an investigation only after getting approval from a chamber of ICC judges, with an immediate right of appeal by the affected state.

In another effort to allay U.S. fears, the Rome treaty protects all bilateral agreements exempting U.S. troops stationed abroad from local criminal justice systems. Terms can now be added to these "status of forces" agreements to protect U.S. troops from international turnovers as well. The odds are good that U.S. partners will agree to such codicils if the matter is handled quietly.

Expanding the powers of the tribunal to cover legal categories beyond genocide, crimes against humanity, and war crimes was also deliberately made difficult by the ICC's drafters. Amendments now require the support

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of seven-eighths of the signatories, and any party that dissents will not be covered by the change. This means that if it joins the treaty, the United States need not worry about the expansion or addition of offenses it does not agree with (such as the ill-defined crime of "aggression").

MISPLACED ANXIETY

In its fateful decision to vote against the treaty, the United States complained of having been rebuffed on two issues. Yet these issues were, in fact, red herrings, since they added little to the risks the Americans were already willing to accept. U.S. negotiators made no objection to the complaint system that allows any state party, friend or foe, to refer investigations to the court without Security Council approval. Yet Washington vehemently opposed an independent prosecutor out of fear he might start investigations on his own motion, subject only to court approval.

In addition, the American team pushed to broaden the treaty's probationary period. The Rome conference established that for the first seven years, states need only accept the court's power over genocide and crimes against humanity (though at the end, countries must accept war crimes coverage as well or quit the treaty). The United States argued for a ten year period and to exclude coverage of crimes against humanity during that time. But this would not have eliminated the risks to American troops; a rogue state bent on harrying Americans will use any available charge.

WATCH AND WAIT

Despite the treaty's protections, the possibility remains that hostile states will file complaints against American troops and civilian leaders to settle political scores. U.S. military decisions—in peacekeeping, antiterrorist enforcement, freedom of navigation exercises, and strategic deterrence—will be scrutinized by its enemies hoping to show that an American use of force was disproportionate or improper (and thus criminal).

Because this risk remains, the evaluation of the court's ultimate potential (and whether America should join) must depend on one's confidence in the court's leadership. The same logic should guide the ICC and reassure Washington: the tribunal will only hamstring itself if it permits the abuse of its powers for political leverage, and the new judges must realize this. The point would already be more broadly recognized had the mood in Rome been less fractious.

The court's future will hinge on the sound choice of a prosecutor and judges, and the enunciation of prosecutorial priorities. The ICC was set up to address the horrors of contemporary civil wars, not cut down America's preeminence in the post–Cold War world. The U.S. military role in international security will not be altered by the evangelism of an international court, and the ICC would be foolish to try.

After all, unless it acts scrupulously, the court will never win financial backing. The ad hoc tribunal for the former Yugoslavia runs an annual budget of $70 million, while its counterpart for Rwanda struggles by with $40 million. Many states hope that the United Nations will fund the new court in its first years of operation. But this again devolves to the United States, as

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the deep pocket that supplies a quarter of the world body's budget (if and when it pays its dues). While other states will resist explicit American conditions on tribunal funding (thanks to the ongoing U.N. dues battle), they must recognize that the United States will never bankroll an abusive court.

BENIGN ABSTENTION

As this suggests, the United States need not even be a party to the Rome treaty (as it is not) to influence the court. In fact, allowing the ICC to mature independently while formally remaining outside the treaty structure is one good way for the United States to hedge its bets while maintaining NATO unity and exercising military leadership. The United States can watch the court take shape before deciding whether to join. If the court handles its work in a just and fair manner, free from political bias, only then need Washington consider signing up.

This strategy of benign abstention will not be completely risk-free. Rome technically allows the prosecution of war crimes in international conflicts even if the defendant's state has not ratified the treaty. But the 1949 Geneva Conventions already allow foreign courts to undertake prosecutions in international wars; the risk is not new. And amended "status of forces" agreements should shield U.S. troops in countries where they are stationed.

Having lost in Rome, the United States will still get other chances to lead the battle against war crimes. For instance, there remains an important role for ad hoc tribunals created by the Security Council, since the ICC's jurisdiction will be prospective only. But the power and prestige of the United States would be enhanced if it helped improve the ICC, rather than retreating in dismay.

Doing so will require foresighted diplomacy, not always shown in preparation for Rome: raising issues well in advance through NATO and other alliance channels, and through quiet contacts in national capitals at a political level where flexibility remains possible.

The United States should learn other long-range lessons from its missteps at Rome. For one, the tensions and differing priorities of U.S. cabinet departments are no excuse for failing to form a coherent negotiating strategy or present a united front. For another, Americans must realize that their allies no longer view them as indispensable, and that if America stonewalls, it may get left behind. Negotiating vital matters should not be left to the last minute, to the chaos of open conferences and the mystery of working groups from which Americans may be excluded. And Rome should teach American diplomats not just to listen to Capitol Hill late in the game, once thoughts turn to ratification, but to take Congress seriously and heed its warnings early on, at the start of the negotiation process. Most important, the ICC failure shows that America must learn to decide what it wants, not let rhetoric take the place of hard-nosed decision-making. When the opportunity for action arises, the United States should have its mind already made up, so that it may lead future negotiations and not just lamely follow them.

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Essays

Japan's failures feed its insecurities while Asian hostility mounts and China emerges as a world power.

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Japan I

Tokyo's Depression Diplomacy

Yoichi Funabashi

DON'T JAPANIC

DURING THE mid-1980s, when Japan's economic might was reaching its zenith, a French diplomat reportedly declared, "All I wish is that somehow Japan and the Soviet Union would disappear from the earth." On both counts, his dream has almost come true. Japan now confronts the toughest challenges in its foreign relations since World War II. The way it faces up to them will determine whether Japan's meteoric rise to world-power status in the last half-century is transient or sustainable.

Japan is in a deep funk. Its economic debilitation, political gridlock, and rapidly aging population all contribute to a pervasive pessimism and imperil its cherished identity as a nonnuclear, non-weapon-exporting, economically dynamic, democratic, generous, civilian power. And while the Japanese are famed for downplaying future prospects to prepare for a rainy day, this time is different. People genuinely fear the future. Political leaders have consistently failed to lead and the economy has deteriorated for seven years. Increasingly, however, the pessimism is the problem, with far-reaching regional and global implications. Unless the psychological slump reverses,

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Japan's deflationary cycle will cripple Asian hopes for recovery and destabilize the global economy.

While the world has been collectively keening over the Japanese economy, another death has been in progress—Japan's diplomacy. Economic and financial failure have exacerbated Japanese insecurity at a time when it must confront a complex of foreign policy concerns—Asia's economic meltdown, India and Pakistan's nuclear tests, China's emergence as a major power, and most critically, uncertainty over the U.S.-Japan alliance. Japan, historically disposed to a sense of strategic exposure, is again feeling vulnerable about its place in the world.

ISOLATIONIST JAPAN?

SINCE WORLD War II, Japan has based its diplomacy on economic, not ideological, foundations. But the erosion of those foundations has jolted the belief that economic might would translate into diplomatic influence. Japanese hopes for peace through economic development and integration have been compromised.

Worse, Japan is currently amassing a dismal record as the catalyst for world depression. If Japan allows the hemorrhaging banking system to bleed to death and the public refuses to invest in Japan's future, deflation could bring down the world economy and destabilize the entire international system.

Japanese business has already started to withdraw from the world. Foreign direct investment to Asia is slowing down, and even large corporations in the developed world are following suit. Fujitsu has just closed a semiconductor plant within British Prime Minister Tony Blair's Sedgefield constituency. In Asia, Japan's consumers provided the original stimulus for regional economic growth as countries enthusiastically exported goods to Japan. But this "absorber function" is rapidly diminishing because of Japan's consumer retrenchment. Japan, the locomotive of the regional economy, accounting for about 70 percent of Asia's GDP, has ground to a halt. Depreciation of the yen—now about 40 percent lower against the dollar since April 1995—means that yen loans will shrink in dollar terms. As Japan's economic assistance to its neighbors declines, the couplings between the Japanese engine and the rest of Asia will crack.

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Meanwhile, Asia fumbles for an economic formula to solve the problems of globalization. The current model is defunct, and Tokyo has been unable to come up with a revitalized version. Its demoralized bureaucracy, buffeted by scandal and charges of economic mismanagement, is ill equipped to forcefully promote a positive, outward-looking economic or foreign policy. Asian countries are left without new ideas or direction from their erstwhile economic mentor. Japan's strategy of regional integration, particularly with regard to Asia-Pacific Economic Cooperation, has stalled. The recent APEC trade ministers' meeting in Kuching, Malaysia, demonstrated Japan's clumsy attitude toward liberalizing regional trade.

Japan's economic health has deteriorated alarmingly. With public sector debt projected at 106 percent of GDP for 1999, Japan will be one of the most heavily indebted members of the G-7. This dismal performance bodes ill for U.S.-Japan relations. Resumption of "Japan-bashing" in the United States over Japan's perceived economic intransigence has prompted a rise in anti-American sentiments in Japan. Some Japanese even feel that current economic circumstances represent "the second defeat in the Pacific War." Japan will have to fundamentally restructure and streamline its government in the next decade. This move will certainly strain ties with the rest of the world, especially with Washington, which could find its presence in the region undermined as Tokyo cuts defense expenditures and Host Nation Support contributions.

ASIAN CONFLAGRATION

ASIA'S ECONOMIC crisis has rudely exposed the helplessness of the Association of Southeast Asian Nations and APEC. ASEAN simply lacked the stature or intergovernmental institutions to respond to the financial crisis. Its principle of nonintervention in members' domestic affairs precluded a comprehensive collective response, which hastened the downward spiral of Asian currencies. ASEAN's inability to act was mirrored by APEC's, where the creed of "concerted unilateral action" failed to muster a credible response to the Asian conflagration. Now the crisis' unequal impact threatens to rupture the politically fragile framework of regional ties.

This feebleness is especially troubling for Japan. Over the last three decades, ASEAN has been an increasingly important component

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in Tokyo's foreign policy. Japan sought to develop regional ties to complement its alliance with the United States and its global participation in the G-7 and the United Nations. As Professor Gerald L. Curtis of Columbia University has noted, "The strengthening of Japanese-ASEAN relations is one of the outstanding achievements of postwar Japanese diplomacy." ASEAN's record of friendship with Japan has provided some fulfillment in Japan's search for an international role. This found concrete expression in 1977, when then-Prime Minister Takeo Fukuda proposed a new doctrine for Japan in Southeast Asia that rejected Japanese military power and professed the desire for a "heart to heart" relationship with the region. This tie has underpinned Japanese dealings with ASEAN for 20 years, but it is now in serious jeopardy.

Japan is burdened by past misdeeds and its ad hoc attempts to resolve them.

The regional turmoil has also drawn Japanese attention to Asia's seas. With Indonesia occupied by its internal travails, a power vacuum has opened up in waters of critical strategic importance. More than 80 percent of Japan's oil supplies sail through the South China Sea, which also delivers vital oil to China. If instability in Indonesia threatens those supplies, many fear that China will use force to protect them. Chinese seabed resource surveys intruded into Japanese waters near the Senkaku Islands in May and June of 1995, sparking a series of niggling confrontations. China's 1996 missile tests in the Taiwan Strait also strained relations with Japan. As an island country, Japan has always been a major seafaring nation and is thus sensitive to any changes in the maritime status quo. Tokyo's past policy envisaged a strong, stable Indonesia, but this can no longer be assumed.

Japan's primary stumbling block, however, is the burden of past misdeeds and its ad hoc attempts to resolve them. This accounts for Japanese reluctance to lead on the Korean peninsula and, more generally, to address the Asian economic crisis. Japan's relations with South Korea have deteriorated, particularly in 1995 during the fiftieth anniversary commemorations of World War II. Japan's inability to tackle its past has also tainted relations with China. In 1992, Emperor Akihito's visit to China was hailed as a harbinger of future reconciliation. But three years later, Japan and China found themselves pitted

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against each other over China's nuclear tests, Japan's suspension of grants to China, and territorial disputes. At their joint press conference in 1995, South Korean President Kim Young Sam and Chinese President Jiang Zemin criticized Japan's handling of the World War II anniversary. In that criticism Japan saw anti-Japanese sentiment in Korea and China amalgamating to portend a troubling geopolitical future, especially with the prospect of Korean reunification.

Historically, Japan has played a unique role as the most socio-economically advanced country in Asia, competing with the West on relatively equal footing. This status as a "member of the club" of modernized nations inspired belief in Japan's role "bridging" the gap between the West and Asia. But now Japan finds disturbing similarities between its own problems and the rest of Asia's. Throughout the region, the lack of transparency and accountability in both financial markets and politics has been cited as a factor in the economic crisis. The acute awareness that these are shared problems has exploded the myth of Japanese uniqueness. At the same time, the concept of "bridging" has proved unnecessary. Western businesses deal with all Asia directly, without needing Japanese intermediaries. Although it thinks of itself as exceptional, Japan has found itself subject to the rules that govern the rest of Asia.

SPECTACULAR SABER-RATTLING

JAPAN'S FAITH in the efficacy of its nonnuclear, pacifist creed has been profoundly shaken by India's and Pakistan's spectacular saber-rattling. Japan, which plays a symbolic role as the sole victim of nuclear weapons, has been ineffective in promoting nonproliferation and relegated to the international sidelines. With the prospect of North Korea going nuclear, these concerns take on increased urgency.

First, the tests demonstrated that Japan's economic aid has not prevented nuclear proliferation in Asia. Second, they revealed the limits of employing official development assistance as a diplomatic tool. No amount of economic assistance persuaded India or Pakistan to forgo their respective nuclear programs. Both countries, India in particular, have questioned the meaningfulness of Japan's nonnuclear stance while it remains under the U.S. nuclear umbrella. The ambiguity

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of Japan's position has undermined its moral authority in South Asia. India's eloquent criticism of the Nuclear Nonproliferation Treaty regime dividing the globe between nuclear "haves" and "have-nots" struck a note with many Japanese. Japan is still highly unlikely to go nuclear. But Japan is interested in another option—Theater Missile Defense. Nuclear proliferation in South Asia further inflamed the TMD controversy within Japan, a debate given urgency by North Korea's August 31 missile test over Japanese airspace. These new threats will bolster support for a TMD system. Growing threats may also, however, trigger calls for Japan to reaffirm the global community's commitment to nuclear disarmament, challenge the status quo, and perhaps even forgo the nuclear umbrella.

South Asia's nuclear tests also revealed tensions between Japan and the United States and China on the issue. On June 4, the foreign ministers of the five established nuclear powers met in Geneva to fashion a response to the tests. Japan's request to participate was denied, which fueled suspicion that its attempts to endorse nuclear disarmament and nonproliferation lack U.S. support and are being contained by China. Many Japanese resent the exclusion of major nonnuclear powers like Japan and Germany from meetings like those in Geneva, feeling that it rewards the nuclear path to power while punishing the civilian. China claims that only the "club" of declared nuclear powers should discuss nuclear issues because they have a special responsibility. This argument is unacceptable to Japan. A nonproliferation regime can only be truly sustainable through cooperation between the "haves" and the "have-nots," so the "have-nots" should not be excluded.

TRADING PLACES

JAPAN'S PREDICAMENT looks almost surreal when contrasted with its sensational arrival on the world scene—announced by its defeat of imperial Russia—at the beginning of the twentieth century. A hundred years ago, the Greek-born, Japan-residing author Lafcadio Hearn wrote an essay entitled "The Genius of Japanese Civilization" ushering a new Japan into the world. But in 1998, China's rise to world prominence commands the world's attention. The perception that Japan and China are trading places in Asia has started to spread. Although it is

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hardly accurate, in the recent Asian crisis China has been hailed as a regional stabilizer and Japan condemned as a passive bystander.

A rising China will induce critical, painful, and psychologically difficult strategic adjustments in Japanese foreign policy. Japan has not known a wealthy, powerful, confident, and internationalist China since its modernization during the Meiji era. Proximity to China's constant turmoil has sharpened Japan's sensitivity to its neighbor's problems, deepening skepticism about China's prospects for development. Japan has long viewed itself as the leading Asian country. While most remain unconvinced that China will emerge as a regional leader, other Japanese now wonder if their predominant position in the past century has been an aberration.

Tokyo feels used and abused by Washington.

China's emergence presents multiple challenges to Japanese foreign policy. Despite Japan's financial largesse and diplomatic engagement, its attempts at rapprochement have been compromised by the perception that China and Japan are natural rivals. China's role on the world stage has recently been getting greater billing, while Japan's star has been on the wane. The old order, with the U.S.-Japan alliance as a bulwark against Soviet belligerence, has given way to trilateral relations coaxing China into the world community. Sometimes the three countries' interests overlap, as when dealing with nuclear weapons and famine in North Korea. More often, however, the intrusion of domestic politics has distorted the triangle, shifting the focus to bilateral concerns at the expense of the third party.

Japan is deeply uneasy about the "constructive strategic partnership" that has evolved between the United States and China. Despite American assurances to the contrary, China is perceived to be trying to outflank Japan while U.S.-Japan relations are particularly shaky. Jiang's 1997 visit to Pearl Harbor came at his request, while this year China put out feelers about a Clinton visit to Nanking, the scene of an infamous massacre by the Japanese imperial army. Tokyo feels used and abused by Washington. Some suspect that the United States enhanced its security ties with Japan in 1996 expressly to strengthen its negotiating position with China. Yet Japan continues to suffer the indignity of being chided by both China and the United States for its

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economic failures. To Japan, this emphasis on the "Japan problem" is a diversionary tactic, preventing an Asian backlash against U.S. "victory" in the markets and obscuring China's externalization of its "internal contradictions," like currency vulnerability. This is a zero-sum game for Tokyo. China barely conceals its desire to weaken the U.S.-Japan bilateral relationship: witness its pronouncements about the need for a new multipolar world order and the end of Cold War security arrangements.

But at the same time, Japan fears U.S.-China enmity. Should the vociferous anti-China rhetoric emanating from Congress impact policy, warnings of Chinese antagonism may become self-fulfilling. This would devastate the U.S.-Japan alliance. Unless it significantly compromises its interests, Japan believes that it can live with a powerful China, even one that challenges the U.S.-led liberal internationalist order. Such a belief acknowledges that geography and history matter. Some Americans believe that Japan has no choice but to follow the U.S. lead as China becomes more powerful. In fact, Japan's actions will depend on how the threat from China takes shape.

JILTED JAPAN

THE MOST problematic factor for Japan's political leaders is that Clinton did not reaffirm, in his talks with Jiang, the stabilizing importance of the U.S.-Japan alliance in Asia. It is as if the alliance was something to be ashamed of, to be hidden from China to avoid friction. The United States and Japan have lost sight of their relationship's overarching purpose. The alliance was reaffirmed with great fanfare in 1996, but tensions over Japanese macroeconomic policy and the U.S. bases in Okinawa have added to widespread doubts about its terms.

During the Cold War, U.S. forces and Japanese support mechanisms formed an elegant security architecture. Few were inclined to tamper with it. The end of the Cold War brought new pressures to bear. There is no rationale for the impressive U.S. presence in Japan without a compelling military threat. Economic tensions between the two countries are rising. American contentions that the three legs of the relationship—security, economics, and a common agenda—can be compartmentalized are disingenuous. It is cruelly ironic that U.S.

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Treasury Secretary Robert Rubin is busy extolling the virtues of China's state-directed economy without a fully convertible currency while lambasting Japan as an economic miscreant. This downgrading of U.S.-Japan ties is particularly painful because it violates the highest virtue in Japanese society, loyalty. Once an alliance is entered, it is not subject to negotiation, justification, or competition from a third party. The perceived betrayal strengthens Japanese advocates of a "burdenless alliance."

If Korea unifies, domestic pressures will probably hasten the withdrawal of most U.S. military forces. That would certainly prompt some Japanese to call for a drastic reduction in U.S. forces stationed in Japan, declining to be the only nation hosting U.S. troops. The U.S.-China "constructive strategic partnership" has been welcomed in some quarters—in a rather twisted way—for stabilizing Asia. Indeed, advocates of a reduced American presence in Japan argue that China's strategic relationship with America means there is less need for security preparedness between the United States and Japan. With a further reduction in U.S. forces, the two countries could move toward a new alliance based on political relations rather than military strength.

Japan must send a clearer message about nuclear disarmament.

RELUCTANT REALISM

JAPAN MUST define its priorities, policies, and national interests more clearly. Security ties with America must be strengthened; so must dialogue among China, Japan, and the United States. Although Japan cannot and would not wish to compete militarily with China or the United States, it cannot be left out of regional and global discussions between the two. Tokyo's role may be to ameliorate the hegemonic tendencies of these two great powers. All three countries need to remember that the stabilizer in the recent Asian economic crisis has not been the Chinese renminbi but the U.S. presence and the U.S.-Japan alliance. Rather than feeling victimized by growing U.S.-China warmth, Japan should push for more dynamic trilateral dialogues on a range of issues, including macroeconomic policy, trade, the environment, nuclear reduction measures, and regional policies. This

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International Monetary Fund

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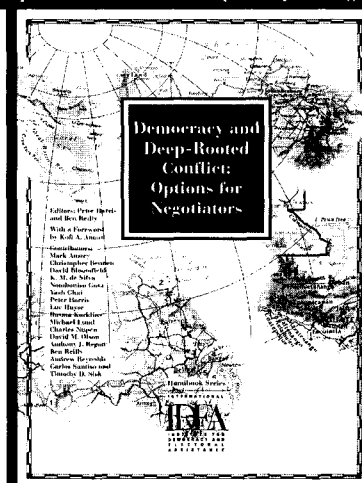

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discourse should also be developed within and used to promote multilateral institutions like APEC and the World Trade Organization. Tokyo and Washington should explore the possibility of including Beijing in their alliance—although not until it becomes a democracy and finds a peaceful settlement with Taipei.

Japan and the United States must coordinate macroeconomic policy to forestall the downward spiral of the world economy. These consultations should include China. The United States and Japan, along with South Korea, should also work to involve China in the denuclearization of Northeast Asia through the Korean Energy Development Organization project. Although it has suspended contributions to protest the North Korean missile test, Japan should once again sponsor KEDO. The organization does not merely encourage nonproliferation, it is also a soft-landing for Korean reconciliation and reunification. If China would get involved, the organization would foster China's cooperative behavior. The quality of security policy coordination between the United States, South Korea, and Japan should be enhanced. A "G-6" dialogue among the two Koreas, the United States, China, Japan, and Russia on peninsular security should be launched.

Finally, Tokyo must develop a rejuvenated nuclear policy. Working with like-minded nations, Japan should prod the established nuclear powers to get serious about nuclear disarmament. The original five should invite representatives of the nuclear "have-nots," such as Japan and Germany, to take part in discussions to coordinate nonproliferation policies. Now is the time for Japan to build momentum for change. An unfortunate consequence may be that the United States misconstrues Japan's rejection of the nuclear status quo as equivocation about the alliance itself. Nevertheless, if Japan is to regain an honorable place in the world, protect Asian stability, and further the cause of nonproliferation, it must send a clearer message about nuclear disarmament.

Japan is evolving from an era of commercial liberalism to one of reluctant realism. A weaker economy means that national interests will have to be defined more realistically. Inevitably this will involve scaling back in areas where Japan is overextended. But Japan should remain faithful to its aspirations to be a prototype of a global civilian power. This will continue to strengthen the U.S.-Japan alliance, as Japan's

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defensive power complements America's offensive might and joint contingency planning is improved. Sooner or later, Japan can and will shed its pessimism. History has taught us that Japan will act quickly and decisively once its people reach a consensus. The new generation of leaders must come to terms with Japan's history, make amends, and move on. Japan's financial system will be revamped, and Japanese business will restructure and launch itself once more onto the global stage. Strong support for development aid, U.N. peacekeeping operations, refugee relief, and a larger (albeit still nonmilitary) role for Japan in the international community reflects the public's strong sense of themselves as stakeholders in a peaceful, orderly international system. In the next decade, the emergence of new political players—especially younger and more internationalist politicians, women, and nongovernmental organizations—will create new dynamics in Japanese public life. If Japan's economic and foreign policy edifices are to be restored, new ideas and human resources are urgently needed—these will not come from the bureaucracy but from the burgeoning civil society. Japan's leaders must harness these forces and embrace change.

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The Problem of Memory

Nicholas D. Kristof

THE DANGER OF LIVING HISTORY

THE MEMORY of a brief conversation nags me whenever I think about Asia's future. The conversation took place shortly after the Tiananmen Square crackdown, during a secret meeting with a leader of China's underground democracy movement. We met in a quiet corner of a Beijing restaurant, where he tapped the table suspiciously to see if it was bugged. This was a man whose vision I admired, so I listened intently when the waitress stepped away and he leaned forward to disclose his plans for promoting human rights.

"We're going to kill Japanese," he said brightly.

"What?"

"We're going to kill Japanese businessmen. That'll scare them so they won't invest here. And then the government will really be screwed!"

"You're not serious?"

"Of course we're serious. We can't demonstrate these days and we can't publish. The only thing we can do for democracy is kill Japanese businessmen."

I protested that it seemed odd to promote human rights by murdering innocent businessmen. But he just smiled at my narrow-mindedness, with a "you-will-never-understand-Asia" grin.

"They're Japanese," my friend said dismissively. "Japanese devils."

NICHOLAS D. KRISTOF is Tokyo Bureau Chief of *The New York Times* and co-author of *China Wakes: The Struggle for the Soul of a Rising Power.*

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He never did kill anyone. But the vitriol in his voice underscored Asia's historical tensions, which are especially intractable because they exist between peoples, not governments.

While Asia has seemed remarkably peaceful since the end of the Vietnam War, the peace is a fragile one, concealing dormant antagonisms and disputes that could still erupt. Now the recent economic crisis has increased the risk of an explosion. With nations as with households, tempers fray when the money runs out. And insecure regimes may try to boost their legitimacy by picking a fight, distracting discontented citizens with military adventures.

At the heart of the tension in Asia lies Japan's failure to apologize meaningfully for its wartime brutality. While anti-Japan sentiment among the Chinese and Koreans has deeper roots, it largely derives from Japan's behavior before and during World War II. Japan must therefore come to grips with its past before the region can move forward. Prime Minister Keizo Obuchi's unusually frank show of remorse during South Korean President Kim Dae Jung's October visit to Tokyo was a good start. More is needed, and the United States must also do its part. Pressure from Washington would help Japan accept responsibility for the aging victims of its imperial army. A bit of American arm-twisting could lead to an even greater display of contrition, contributing more to regional security (and more cheaply) than do the 100,000 U.S. troops in the region. As the presence of those troops and the billions of dollars spent on them show, Washington has long recognized its security interests in Asia. By avoiding the historical dimension, however, it has conceived of those interests far too narrowly.

AMNESIA AND AN ANCIENT ANGER

IT IS HARD for Americans (not to mention the Japanese) to fathom how deep the historical fault lines run. Some assume that Asia's resentment of Japan will die with the World War II generation. In another decade, they think, with the old folks gone, the issue will disappear. Anyone who believes that should visit a certain hill in Kyoto, one few Japanese know of and few guidebooks mention. Of course, every Korean knows about it. Called the Ear Mound, it contains the ears and noses of perhaps 100,000 of their countrymen whom Japanese warriors

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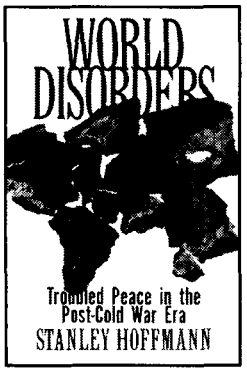

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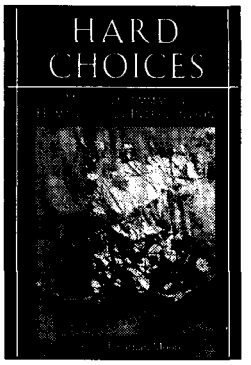

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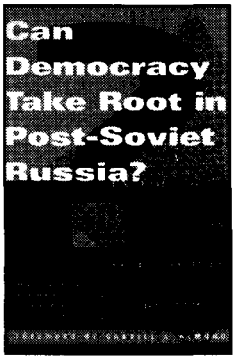

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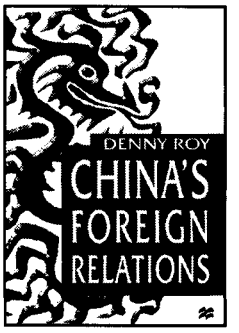

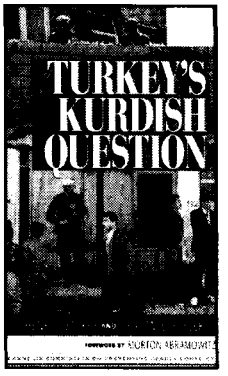

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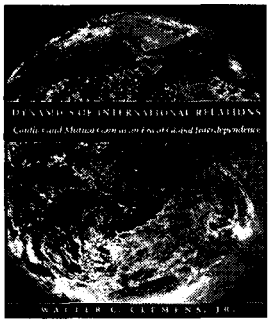

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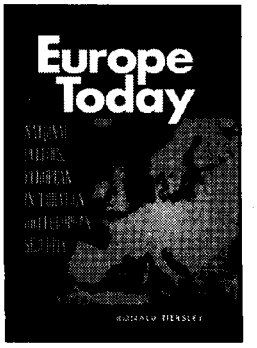

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slaughtered in the late sixteenth century. The few Japanese who have heard of it consider the Ear Mound a grisly but irrelevant relic of the past. "One cannot say that cutting off ears or noses was so atrocious by the standards of the time," argued a plaque at the site in the 1960s (eventually removed after Koreans complained). To most Koreans, however, the Ear Mound is another example of Japanese brutality—and Japan's reluctance to face up to it.

Anger at Japan continues to simmer in its former victims in Asia, from Indochina to Indonesia. The hostility is only moderate in most Asian nations, and almost nonexistent in Taiwan, but remains dangerously intense in Korea and China. The signs are everywhere in these two countries. When foreigners learn Chinese, they are sometimes taught that the character "*hen,*" for hatred, represents the feeling Chinese have for the Japanese. Meanwhile, South Korea, in violation of trading rules, bans the import of Japanese books, movies, and magazines. Elderly Koreans, schooled in Japanese during the occupation, often refuse to speak the language.

The resentment has provoked minor crises. When a Beijing newspaper ran an exposé on Chinese waitresses kneeling to serve men in Japanese restaurants—as do all waitresses in fine Japanese restaurants—a wave of public fury arose at the idea of Chinese prostrate before their ancient enemies. Nearby, in Tianjin, four Chinese employees of a Japanese software company refused to work on a computer game about World War II, which they denounced as a monument to Japanese aggression. The four became local heroes when the company threatened to fire them, and the Japanese eventually backed down. According to a Beijing newspaper poll, 51 percent of Chinese rank Japanese businesses as the least desirable employers. Only 4 percent cite American firms.

Why do so many Chinese and Koreans hate Japan? World War II is an obvious explanation, as is Japan's stubborn failure to show contrition for its behavior. Japan has never adequately apologized for the war. Indeed, a sizable segment of the population feels little remorse and vehemently opposes any apology. Many Japanese, especially in rural areas, firmly believe their country did nothing particularly bad during the first half of this century. Seisuke Okuno, a former cabinet minister who led 161 members of the Diet (Japan's legislature) in

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opposing an apology for World War II, suggests that if any country is guilty of war crimes it is the United States, for dropping atomic bombs on Hiroshima and Nagasaki. Japan's purpose for invading its neighbors was, he insists, entirely noble: "These countries had been colonized and oppressed by whites. Our purpose was to free and stabilize them."

The popularity of this view was dramatically demonstrated by the success of the film *Pride,* Japan's biggest box-office hit of early 1998, which paints wartime Prime Minister Hideki Tojo as a national hero. Tojo comes off as a kind and honorable man, thrust into war by the West and then unfairly executed as a war criminal. While real questions remain about the fairness of the Allied war crimes tribunals, one cannot imagine such a movie being made about Hitler or Goebbels, or even a similar depiction of General Westmoreland and the American role in Vietnam.

Japanese diplomats insist that movies like *Pride* are merely a tribute to pluralism, and that their country has apologized many times for its wartime conduct. But Japan's statements of regret always end up sounding hollow and calculating, as if they come from some committee in the Foreign Ministry. Every August 15, to mark the anniversary of the end of the war, the prime minister reads a carefully worded speech expressing *hansei*—a vague term meaning remorse or self-reflection. Any sense of regret, however, is undermined by the procession of cabinet ministers who march to Yasukuni Shrine, a traditional center of Japanese militarism. All sides end up dissatisfied: Chinese and Koreans complain that the prime minister is insincere and that his cabinet worships war criminals, while the Japanese fret that after 53 years they are still not allowed to mourn their war dead.

In 1995, then Prime Minister Tomichi Murayama did make a genuine effort to wrench a forthright apology from the Diet, but the result only undermined the party line on Japan's supposed contrition. Drafters of the resolution replaced the word "apology" with "*hansei*," and "aggressive acts" with "aggressive-like acts." Most troubling, legislators ascribed the acts in question to all countries, not just Japan. Even in this gutted form, only 230 members of the 511-seat chamber voted for the measure.

Japanese people are famously polite, apologizing at the start and end of every conversation and many times in between—which makes the reluctance to apologize for the war even more remarkable. If the

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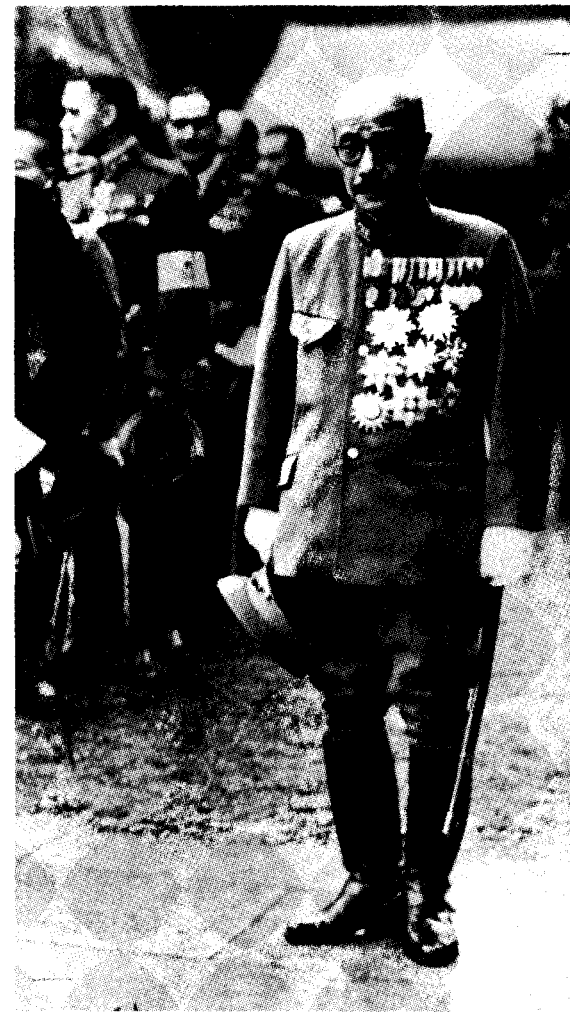
Japanese regularly apologize for being a nuisance, even when they are not, why will they not show regret for the slaughter of millions? Apart from cultural explanations, such as a Confucian reluctance to speak critically of one's elders, there is a more obvious answer: nations, even more than individuals, hate to say sorry. The United States, after all, has never formally apologized for enslaving Africans, invading Mexico and Canada, stealing Texas, colonizing the Philippines and Guam, or carpet-bombing Vietnam.



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Don't mention the war: Japanese Prime Minister Hideki Tojo, 1944

Moreover, most Japanese know very little of their country's dark past, and thus may be genuinely ignorant of what there is to repent. For decades, the Japanese government urged textbook publishers to excise any hint of the brutalities committed by the army. When one historian referred to wartime Chinese calls for the "eradication of Japanese aggression," the Ministry of Education urged that the sentence be deleted, arguing that "[i]n the interests of the education of citizens, it is not desirable to use a term with such negative implications to describe the acts of their own country. A term such as 'military advance' should be used instead of 'aggression.'" Thanks to court intervention, recent Japanese textbooks have improved somewhat. But they skimp on details, giving youngsters little sense of the horrors committed in their country's name.

Some young Japanese complain that they themselves have done nothing they need apologize for, and they have a point. But until Japan demonstrates genuine sorrow for having killed millions of people

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in the war, until it compensates the aging "comfort women" and other victims, it will never recover its national self-confidence or gain acceptance by China and Korea as a trustworthy neighbor.

TWO TO TANGO

JAPAN IS not solely responsible for the gulf that separates it from its neighbors, and more is involved than just echoes of the war. Even young Chinese and Koreans with no first-hand memory of the Japanese occupation share in the hostility. Unrelenting anti-Japanese propaganda in Asian schoolbooks and Asian society at large helps explain this. So does simple racism—a racism given voice in common Chinese and Korean epithets that characterize the Japanese as dwarfs, pirates, charlatans, and crooks. This racism arises from history, but can also be attributed to jealousy. Many Asian countries envy Japan's economic and past military success. For proud nations like Korea and China, which helped civilize and educate Japan in the first place, it has been galling to see the upstart outstrip its tutors.

It is therefore a mistake to blame Japan as the sole source of tension. Japan's reluctance to face the past is unreasonable, but its intransigence is exacerbated by that of its neighbors. Many Japanese suspect that China and the two Koreas exploit the past to win favors from Tokyo; in every dispute, they mention the war and Japan crumples. To make this gambit more effective, China has sought to intensify Japan's guilt by inflating the numbers of victims. It has increased its estimate of Chinese World War II dead from 10 million to 35 million; likewise, the figure for people killed in the Rape of Nanking has surged over the years from 42,000 to 300,000. One Japanese complained, "They're like gangsters, always asking for pay-offs, always demanding more. You can never get rid of them! What more do they want?"

Asia, of course, is not the only continent where the past overshadows the present. French-German rivalry plagued modern Europe for decades, making stability impossible until that relationship improved. Like France and Germany in the interwar years, China and Japan now stare suspiciously at each other across a gulf of mistrust. These two countries, nervous and powerful, will determine between them whether the Pacific region ever achieves real peace. Japan fears China,

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and vice versa, each acutely aware that throughout history, the gains of one have come at the expense of the other. The two compete for America's affections, jockeying for the chance to become the United States' closest partner in the region. High stakes freight every American action in Asia with intense symbolic value. Thus the recent U.S. effort to boost military cooperation with Japan sent China into a sulk. And Japan felt snubbed when President Clinton flew to Beijing but neglected to drop by Tokyo.

Asia can ill afford such a rivalry. The continent needs a leader, and Japan—with an economy eight times the size of China's—is the natural candidate. A secure and trusted Japan could set Asia's agenda for trade and finance, for fighting crime and pollution, and could ensure security along the sea-lanes that are the region's lifelines. But Japan's failure to address the past has left it unable to exercise leadership or play a full role in world affairs. When, in 1992, the country sent a few peacekeepers with the U.N. mission to Cambodia, the prospect of Japanese armed (albeit only with pistols) and abroad sent shivers of fear through Korea and China.

China and Japan glare at each other across a gulf of mistrust.

Lingering Asian fear of Japan, while irrational, remains genuine and can shape policy. According to Chinese officials, China downgraded Russia as a security threat at the end of the Cold War while upgrading Japan. *Neican Xuanpian*, a Chinese publication for the country's leadership, has denounced Japan as the main obstacle to peace in the Pacific and has called on China to keep it in check. China judges Japan not for what it is today but for what it once was. Last year, People's University in Beijing asked Chinese in a survey, "When someone talks about Japanese people, what person do you think of?" The most common answer was Hideki Tojo.

In 1998, this fear of Japan, though deeply felt, is wholly misplaced. The most pacifist of countries, Japan is kept so shaken and frail by its wartime legacy that it will be incapable of aggression for decades to come. Not only do its neighbors not trust Japan; Japan does not trust itself. The country is still incapable of mounting a meaningful security policy. Surveys show that only 46 percent of the public favor using force to defend Japan against invasion by another country. It may be unfair to

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blame all Japan for the weakness of diplomats like Yasushi Akashi, the former U.N. envoy to Yugoslavia. But his inability to countenance force as an instrument of policy is typical of many Japanese officials. And just as Akashi's distaste for violence led to disaster in the Balkans, where it resulted in the murder of thousands of civilians, so Asia and America will suffer from Japan's inability to contribute to regional security.

Japanese leadership is particularly crucial now that economic crisis has devastated the region. Early on, Japan did try to take charge, proposing to help create a $100 billion Asian Monetary Fund to constrain the financial contagion. But lingering suspicion trumped economic self-interest, and China and South Korea (along with the United States) rejected the plan. The defeat heightened Japan's timidity, and Tokyo has since made little effort to resolve the crisis.

AMERICAN INVOLVEMENT

In 1994, as is now known, the West drifted close to war with North Korea—though few Americans realized it at the time—and probably only the intervention of Jimmy Carter prevented armed conflict. As the United States prepared for battle, it quickly became clear that Japan could not be counted on to negotiate a solution or give military support. Tokyo was not expected to send troops or warships to fight North Korea; but Japan even refused to let its naval forces clear mines. It was unclear whether Japan would lend doctors to treat wounded GIs or send ships and planes to help rescue Americans in trouble. Legislative efforts are now under way to ensure greater cooperation in future crises. But turning Japan into a dependable ally will take more than new laws; the country must somehow bolster its self-confidence and self-respect. Atoning for the war would not only liberate Japan's neighbors; it would also free Japan itself.

Unlike Japan, Germany was forced long ago to confront its past; victim countries like France and Israel scrutinized every German statement and protested when dissatisfied. Until recently, Japan never faced such scrutiny, thanks in part to the United States. Postwar American governments worried more about building an alliance against communism than they did about relations among their Asian allies. While the United States did try some Japanese leaders for war

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crimes, it spared Emperor Hirohito, the man (or deity) in whose name the war was fought. The United States also shielded the leaders of Japan's infamous Unit 731 (which conducted medical experiments on Chinese prisoners) in exchange for data on biological warfare. While Germans were able to blame Hitler and his henchmen for the war, the Japanese enjoyed no equivalent luxury.

Now, with the Cold War over and Asia fracturing, the United States must play a role opposite to that of the 1950s. It should encourage Japan to confront its responsibility, apologize, and provide some redress to its former sex slaves and other victims who are still alive. So far Japan has refused to pay official compensation to the "comfort women," insisting that such issues have already been settled on a government-to-government level. That argument has some legal, but no humanitarian, basis. A forthright Japanese apology and an attempt to help its victims would allow Japan to play a more important international role. Japanese self-confidence would surge once the country felt it had properly atoned and no longer needed to hang its head. Like Germany today, Japan could then play a part on the world stage commensurate with its abilities and resources. An apology would help it overcome its taboo on all things military and do its part for regional security. And it would help Japan's neighbors learn to see the country for what it is today, not for what it once was.

REASON FOR HOPE

AN APOLOGY will not instantly wash away the residue of hatred and resentment toward Japan that has accumulated over the decades. But a genuine expression of regret would be a good first step, and a thorough attempt to educate young Japanese about the past would be a second. The American example gives reason to hope that a Japanese apology could, over time, change Asian attitudes. During World War II, most Americans held virulently racist opinions of the Japanese, much worse than the stereotypes held by Chinese or Koreans today. A 1944 poll found that 13 percent of Americans favored the extermination of all Japanese people after the war (the question was never asked about Germans), and according to another poll from late 1945, 23 percent of Americans regretted that Japan had surrendered before more atomic

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bombs could be dropped. Despite such hatred, American racism toward Japan has largely dissipated in the years since the war. Japan surrendered and accepted American occupation and involvement. The bond subsequently forged between these former adversaries has come to be described as the most important bilateral relationship in the world, bar none. If Japan could overcome American racism in 1945, it can overcome the animosities that linger in Asia in 1998.

Encouraging signs in Japan suggest that it may finally be ready to face the past. Not only has Obuchi apologized to South Korea, but public opinion polls show that most Japanese citizens feel their country should express far more contrition, even while the powerful veterans' lobby continues to frustrate that aspiration. Meanwhile, the old taboo on these subjects is beginning to dissipate. In its place has arisen a vibrant debate about the war. Arguments over the war distress many foreigners, since the most active participants seem to be right-wing apologists. The *Sankei Shimbun*, a daily newspaper with a nationalist bent, has led the conservative charge, breaking the taboo by denying that Japan kidnapped "comfort women" and forced them into prostitution. The *Sankei* and its allies argue that the women involved were prostitutes to begin with, who volunteered for the work. Similarly, rightists such as Nobukatsu Fujioka, a best-selling author and a professor at Tokyo University, dispute the claim that Japanese troops engaged in mass slaughter during the Rape of Nanking.

Much of this nationalistic writing is historically dubious, but Westerners and Asians alike are wrong to condemn the entire debate. It represents an enormously positive trend and should be encouraged. By breaking the taboo on talk about the war, Japan can build understanding and deeper remorse. Moreover, the rightists make some valid points. It may well be, for example, that the Rape of Nanking was smaller in scale than many now believe. Witnesses' estimates vary enormously, and survey and burial data are ambiguous. Some photos of the massacre have been discredited as probable frauds. Whatever the truth, the more these issues are openly discussed in Japan, the harder it will become for the Japanese to ignore responsibility for what actually took place. Further debate will underscore the point that even if Japanese troops killed just 40,000 Chinese in Nanking, instead of the several hundred thousand often reported, the seizure of the city was still among the most brutal in the history of modern warfare.

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While Japan must take the initiative in grappling with the past, other countries bear responsibility as well. China and the two Koreas, in particular, should grow up and tone down their anti-Japanese propaganda. China should face its own history squarely, accepting that although the Japanese army may have killed millions of Chinese, Mao killed tens of millions of his own countrymen. Korea should acknowledge that though Japan's annexation of the Korean peninsula from 1910 to 1945 was ruthless, it led to the vast expansion of roads, railroads, and modern schools, such that by 1945 Korea had half as many miles of roads as all of China. While nothing makes Koreans angrier than Japan's refusal to compensate the "comfort women," Koreans should remember that Japan established the army brothels to reduce the rape of civilians, and that it was often the Koreans themselves who, under coercion, seized teenage girls and handed them over to the occupiers. Japan's neighbors need not ignore Japan's crimes, but they should adopt a more nuanced view of history. While not forgetting the past, China and Korea should recognize that Japan has changed since the 1940s, much as France has warmly accepted modern Germany.

Relations across the Sea of Japan may already be improving. Some Chinese leaders have tried to build diplomatic bridges to Japan (although one, the late Communist Party General Secretary Hu Yaobang, was sacked for his trouble), and both President Jiang Zemin and Prime Minister Zhu Rongji seem likely to follow suit. As his recent visit showed, South Korea's new president, Kim Dae Jung, has worked hard to heal the wounds and tone down the usual shrillness toward Japan. Kim has already eased South Korea's ban on the import of Japanese cars and is expected to soon do the same for the embargo on Japanese videos, magazines, and other cultural products.

DOOMSDAY DILEMMAS

YET HISTORY still gets in the way and will continue to for decades. The danger remains, for example, that Japan will recover its nerve before it fully confronts the past. Already Japan grows more assertive in foreign relations and slowly rearms. Many young Japanese express disgust for the weakness of their government and want Japan to become a more normal military power. Should that happen before

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East Asia achieves better mutual understanding, the region will become a much more dangerous neighborhood.

The kind of risks posed by history are typified by the Senkaku Islands (which China calls the Diaoyu chain), a clump of five islets and three barren rocks 200 miles off the Chinese coast, northeast of Taiwan. China claims the islands, based on navigational records that show the islands to be Chinese territory as far back as the sixteenth century. Japan also claims the Senkaku chain, based on its "discovery" of the islets in 1884—ignoring that a 1783 Japanese map marks them as Chinese. Tokyo annexed the islands in 1895, roughly the same time that it took Taiwan from China. Japan was the first country to actually occupy the chain, and it operated a fishing cannery there in the early years of this century.

Thus far, while remaining officially neutral, the United States has leaned toward Japanese control of the Senkakus. After seizing the islands along with Okinawa at the end of World War II, the Americans used one for bombing practice. Then, in 1972, the United States handed administration of the chain over to Japan, and it has paid rent ever since to the Japanese owner of one of the islets without trying to contact the original Chinese title-holder. This American policy is ill-advised. Not only is Japan's legal claim to the islets weaker than China's, but so is Japan's desire for them. Ask any educated Chinese about the Diaoyu Islands, and one receives a lengthy lecture on the Chinese soil that must be recovered. Ask a Japanese about the Senkakus, and one gets only a shrug of indifference.

Complicating matters, Taiwan also asserts ownership of the Senkaku Islands. This is not just government policy but a popular belief; according to an opinion poll published several years ago, 69 percent of the Taiwanese think their navy should send warships to recover the islets.

China also may use military force to seize the Senkakus, for two reasons. First, China is now acutely aware of its vulnerability as an oil importer, and geological surveys have suggested the presence of substantial oil and gas reserves around the islands. Second, regaining the Diaoyus would spark nationwide celebration in China and give a major boost to the legitimacy of the country's leaders.

The Senkaku conflict is a clear case study in how Japanese timidity complicates security in the region. If only Japan had the nerve to

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fight, it could repel a Chinese naval attack on the islands. But Japan still bears too many scars from World War II to even consider the use of military force. Thus Chinese aggression would be met by anxious denunciations, urgent committee meetings, angry talk of economic sanctions—and the decision not to send warships. Instead, Japan would expect the United States to expel China, creating a deadly dilemma for the Americans. The Japanese-American security treaty requires the United States to protect not only Japan but also "territories under [its] administration." That clearly denotes the Senkakus, meaning Washington is technically obligated to defend Japan's claim. While it seems implausible that the United States would go to war with China over uninhabited rocks that few Americans have heard of, U.S. inaction could mean the end of Japan's "peace constitution" and would shred American credibility in the Pacific.

Here again, greater American sensitivity and a reduction in regional hostility toward Japan would increase the chance of East Asian reconciliation. The United States should take specific steps to reduce the risks of conflict, such as urging the parties to refer the Senkaku dispute to the International Court of Justice. More broadly, the very fact that a disagreement over a few barren rocks could become so serious underscores the latent instabilities and deep fault lines in Asia. Reducing this instability will require long-term strategy, not short-term tactics. From the United States, the region needs patient, good-faith counseling more than U.S. marines, so as to resolve future conflicts and not just today's crisis. Mutual trust will help far more than American aircraft carriers. That trust will only come once Japan is made to confront its past, and Korea and China are encouraged to face the future.

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The Testing of American Foreign Policy

Madeleine K. Albright

PRESENT, AGAIN, AT THE CREATION

AMONG THE many underlined passages in my copy of James Chace's new biography of Dean Acheson is the following:

> The problems that bedeviled American foreign policy were not like headaches, [Acheson] wrote—when you "take a powder and they are gone." Instead, "They will stay with us until death. We have got to understand that all our lives the danger, the uncertainty, the need for alertness, for effort, for discipline will be upon us. This is new to us. It will be hard for us. But we are in for it and the only real question is whether we shall know it soon enough."

Acheson's generation had just survived war and Holocaust, only to be confronted—as the nuclear age dawned—by the rise of a new and ominous totalitarian threat. For leaders then, the relief of victory was quickly supplanted by the burden of new responsibilities, from containing the Soviet Union to nurturing fledgling international financial institutions. We should always be grateful that these responsibilities were so gloriously fulfilled.

Today is different. Aside from the six weeks of the Gulf War, Americans have known peace for longer than the interval between Versailles and Pearl Harbor. For the first time since the early 1930s, we face no single powerful enemy to concentrate the mind. To most Americans, the success or failure of U.S. foreign policy no longer

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seems a matter of life and death. We invest fewer resources in defense, diplomacy, and development. Since nations no longer need our protection from the Soviet Union, our international leverage, despite our strength, is not what it was in Acheson's day.

Unfortunately, the demands upon us have not lessened. Like a kaleidoscope, the patterns of world affairs shift with each spin of the globe. Rising dangers replace receding ones; old problems reemerge. As Acheson warned, no matter what the medicine is, the headaches do not go away. The test of our leadership, although far different in specifics, is essentially the same as that confronted by Acheson's postwar generation. One way or another, we are in for it, and the only real question is whether we will realize it in time.

ORGANIZING THE PEACE

PRESIDENT CLINTON and I, as well as other members of our team, have spoken often about the goals of American foreign policy. Boiled down, these have not changed in more than 200 years. They are to ensure the continued security, prosperity, and freedom of our people. Rather than elaborating on these goals here, I will discuss the means we use now to move toward them, step by step, day by day.

Foreign policy, unlike baseball, has no world championship; there are no permanent victories and no 70th home runs. In our era, moreover, neither the adversaries, nor the rules, nor even the location of the playing field are fully fixed.

Still, if our dynamic world were to stop for a snapshot today, it would be possible, very generally and imperfectly, to discern four basic categories of countries: full members of the international system; those in transition, seeking to participate more fully; those too weak, poor, or mired in conflict to participate in a meaningful way; and those that reject the very rules and precepts upon which the system is based.

This division carries with it a corresponding four-part challenge. First and foremost, we must strengthen the bonds between and prevent ruptures among the leading nations. Today, these nations are at peace and increasingly share a community of interests. This serves America by contributing to stability, fostering vibrant economic relationships, and having partners available to respond to regional and global problems.

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This state of affairs is, however, not inherently self-sustaining. Russia is wrestling with severe economic and political challenges. China's course, despite hopeful signs, is uncertain. And we must work hard to maintain fully productive partnerships even with our closest friends, for history warns us of the risk to alliances once the threat that brought them together has disappeared. Our top priority remains cementing key relationships and harnessing them to constructive ends—including collaboration with Europe in strengthening NATO and building peace in Bosnia; cooperation with Korea, Japan, and China in talks aimed at lasting peace on the Korean peninsula; and using the Summit of the Americas to forge a hemispheric consensus supporting democracy and the rule of law.

The test of our leadership is the same as for Dean Acheson's postwar generation.

Second, we must fortify the international system by helping transitional or otherwise troubled states become full participants. This is essential to maintain the momentum of democracy's recent advances and create more anchors of regional stability and growth. To this end, we are encouraging rivals in areas such as the Middle East and South Asia to settle their differences peacefully. We are helping our friends in central Europe and the newly independent states of the former Soviet Union navigate financial minefields, fend off criminals, rebut communist backsliders, and position their societies for entry into key regional institutions. Worldwide, we are urging every nation to move toward democracy and abide by global norms.

Third, we must give a boost to weaker states that are most willing to help themselves. In this era, there are no geographic barriers to full participation in the global economy or, more generally, in world affairs. But burdens of debt, poverty, unresolved disputes, and ineffective institutions leave many nations at the margins. Accordingly, we are trying to help Haiti overcome divisions and build its young democracy. From the Caucasus to the Congo, we are engaged with regional leaders and international organizations trying to end destructive conflicts. And we have urged Congress to enact the Africa Growth and Opportunity Act, which emphasizes trade as a complement to aid, rewards reform, and heralds a more self-reliant and prosperous Africa.

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Finally, we must repel threats to the system of laws and relationships that affect the security of all nations. We have created monitoring and inspection regimes to prevent the spread of nuclear weapons and poison gas while imposing penalties on those who violate global standards. We are working hard to halt the proliferation of advanced missile technologies while developing theater and national missile defense systems to defend ourselves. In the Balkans and elsewhere, we are supporting the advocates of moderation and tolerance against the ruthless exploiters of ethnic hatred. And we are seeking, through relentless diplomacy and tough law enforcement, to create a multilayered web of agreements, laws, inspectors, police, and military power to deny weapons and operating room to terrorists, criminals, and aggressors.

On an official level, the threads that tie the international system together range from the simplest bilateral understanding on law enforcement cooperation to the most complex agreement governing global trade. These arrangements are reinforced by the blossoming of nonofficial contacts between and among peoples that occur on almost every level, covering almost every subject, almost everywhere. We can help build an even stronger international system. But our capacities, although great, are not unlimited.

To guard against overextension, we must insist that others do their share. We must differentiate between the essential and the merely desirable. We must skillfully use every available foreign policy tool, from the mildest démarche to the use of force. We must exercise patience. And we must recognize and capitalize on the linkages between democracy, stability, and economic growth.

To protect our interests, we must take actions, forge agreements, create institutions, and provide an example that will help bring the world closer together around the basic principles of democracy, open markets, law, and a commitment to peace. If we succeed, the American people will benefit from a world economy that has regained its footing and resumed broad-based growth. We will find it safer, easier, and more rewarding to trade, travel, invest, and study abroad. And our armed forces will be called upon less often to respond to urgent and deadly threats.

In such a world, more people in more nations will recognize their stake in abiding by the international rules of the road and seeing that others follow suit. Nations will be more likely to work together to

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respond to new dangers, prevent conflicts, and solve global problems. A salutary consensus about what is fair and unfair on trade and what is right and wrong on human rights will grow. Although the most we can hope for, in our time, is to build a solid foundation for such a world, that is nevertheless a tall order. Filling it will require that we pass some rigorous tests, both as a government and a people.

VISION

THE FIRST test is that much-abused term, vision. Certainly proclaiming a vision is no particular challenge ("I see a world where the strong are just, the weak are helped, the hungry are fed," etc.). Nor is it enough simply to sketch a conceptual framework for foreign policy. Such a framework can tie the disparate strands of policy to interrelated core goals and set priorities so our emphasis on responding to security threats, building a healthy world economy, and promoting democracy is not lost in the blur of daily events. In any case, we should not claim too much for such formulations. Implementing a framework is far tougher than designing one.

In the years ahead, we are sure to see sudden leadership changes in key countries, stunning acts of violence, devastating natural disasters, and yet more startling technological advances. We cannot foresee everything, but we can maintain our sense of balance. That requires keeping one eye on the horizon and the other on the next step in the right direction. In our dealings with Russia, for example, it means focusing on security priorities such as reducing arms stockpiles, disposing of bomb-usable plutonium, and preventing the transfer of nuclear and advanced missile technologies while deepening our commitment to help Russia over the long term, provided Russia is prepared to help itself.

It means insisting that Iran abide by international norms on proliferation and terror while exploring a potentially historic opportunity to lower the walls of mistrust that have long separated our two countries.

It means responding to peacekeeping emergencies as they arise while grappling with the larger, unresolved questions of how best to structure international institutions and security forces for this purpose.

It means looking beyond the cheap gas and plentiful oil of the present to plan for long-term energy security based on conservation,

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imports from diverse and reliable sources, and the worldwide promotion of technologies harnessing renewable power sources.

And it means tending to short-term development needs while planning for a 21st century in which competition for scarce resources can be expected to grow ever more dangerous: 60 percent of humanity will live in large cities (up from 5 percent in 1900), 95 percent of population growth will be in the developing world, and average life expectancy in the nations hit hardest by AIDS may plummet to levels not seen in centuries.

Virtually every aspect of our foreign policy requires us to deal with the world based not only on what we know but on what we anticipate. To succeed, we must continually change the ways and means of U.S. diplomacy. That is why we are consolidating and restructuring our foreign affairs agencies, training our people to use new technologies, creating incentives for them to acquire expertise on global issues, and encouraging them to interact with ever-more-important nongovernmental organizations.

Nowhere is vision more important than in our ongoing effort to respond, with others, to the international financial crisis that began in Asia and is now sweeping the globe. President Clinton has called this the biggest challenge to the international financial system since the reconstruction of the global economy following World War II. The crisis also has far-reaching social and political consequences. In some nations, a quarter-century's progress toward developing a middle class has been all but wiped out. Millions of families have seen their hopes for a better future dashed. The danger looms of a widespread backlash, tinged with anti-Americanism, against free markets.

The president has outlined a plan for restoring confidence while laying the groundwork for sustained long-term growth. The administration is urging the World Bank and the International Monetary Fund to assist innocent people who have lost jobs or savings in the turmoil, while pressing Congress to fund America's share of the IMF and multilateral development banks.

Unfortunately, the problems many countries now face have no quick or simple solutions. Success in the global economy requires a foundation of clean and transparent financial systems, good governance, and the rule of law. It is no accident that the nations that have suffered least in the current crisis have these attributes. Nations with more deeply

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rooted problems must develop broad-based and accountable democratic institutions to curb corruption and create an environment in which both domestic and foreign investors can have confidence. Helping nations prepared to undertake these reforms is in America's interest.

To maintain the consensus for an open global economy that is essential to long-term growth, we must expand our dialogue to include the full range of those affected by the crisis, including governments, business, labor, and environmental representatives. We must ensure that international financial institutions operate and are seen to operate in ways that benefit broad segments of the world's population. Through the World Bank and other mechanisms, we must devote more attention and resources to developing strong social safety nets. We must enhance technical assistance in the areas of democracy-building, financial sector management, and commercial law. And we must help our international financial institutions become more effective instruments for predicting, preventing and minimizing economic crises.

PRAGMATISM

THE SECOND foreign policy test is that of pragmatism. Are we getting results? Or are we so wrapped up in how we sound that we forget that the purpose of public policy is not dialogue but deeds?

Much of our energy at the State Department is spent encouraging foreign governments to act for what we perceive to be the common good—dissuading regional rivals from provocative acts, promoting economic reform, blocking destabilizing transfers of arms and technologies, urging the release of political prisoners, and advocating the development of democratic practices and institutions. We do this to prevent conflicts, build prosperity, and strengthen the forces of freedom. But to succeed, we must convince foreign leaders that the common good is good for them as well and that our own agenda is aboveboard. Obviously, we do not use the same approach with an established modern power that we use with a government whose authority is weak and institutions wobbly. We consider the domestic pressures that may be affecting a government along with the proclivities and capacities of its leaders. And in any relationship, we refer constantly back to our basic principles and goals. For example, there has been

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much debate about whether we are more likely to influence the actions of ornery foreign governments by using the carrot of engagement or the stick of sanctions. The answer, of course, is that it depends.

Neither China nor Burma is democratic, and both take a dim view of dissent. Yet we are engaged in a strategic dialogue with China while maintaining far tougher sanctions, including an investment ban, against Burma. Some accuse us of having a double standard. In reality, we have a single standard based on our assessment of the approach most likely to achieve results that serve U.S. interests and ideals.

In Burma's case, a repressive military regime has rebuffed repeated appeals for talks with the democratic opposition led by Nobel Peace Prize–winner Aung San Suu Kyi. Under the junta, Burma has become, with official connivance, the world's leading source of heroin and, with official neglect, the epicenter of a regional AIDS crisis. Many of its increasingly desperate people are fleeing to neighboring countries. The democrats, who overwhelmingly won Burma's last free elections, have called for a halt to foreign investment and many categories of aid. Political change is essential if Burma is to transform itself into a source of stability in Southeast Asia. Sanctions may well work. Having driven the economy into the ground, the regime desperately needs foreign investment, loans, and aid. By denying these benefits—and encouraging others to do the same—we may eventually persuade Burmese leaders to rethink where their own best interests lie.

America's stake in China is far deeper and broader than in Burma. Asian security, nonproliferation, and economic health cannot be won without Chinese cooperation. Our task is to encourage China to become a full and fully constructive participant in the international system. Our approach is to engage in a dialogue with Chinese leaders while encouraging the broad exchange of information and ideas between American and Chinese citizens.

Unlike Burma, China is changing rapidly. The government is committed to economic reform. On proliferation, China has progressed from advocating the spread of nuclear weapons to signing the Nuclear Nonproliferation Treaty, the Comprehensive Test Ban Treaty, and the Chemical Weapons Convention while agreeing to tighten controls on sensitive exports. In the political sphere, China has placed a new emphasis on the rule of law, permitted

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somewhat more open public discussion of political reform, released several prominent dissidents, and ratified one international human rights convention while promising to sign another this fall. In contrast to Burma, many Chinese reformers welcome Western political and commercial engagement with their government as a spur to further openness and change. Moreover, the Dalai Lama, among others, has praised the U.S.-China dialogue as an appropriate way to express American support for preserving the cultural, linguistic, and ethnic heritage of Tibet.

Many Chinese reformers welcome Western engagement.

Critics are right to say that this progress is not good enough. That is why President Clinton spent much of his time during the Beijing summit working on the hard issues: urging China to do better on nonproliferation and political prisoners, pushing for more open markets, stressing that our improved relations cannot come at Taiwan's expense, and making the case for democracy directly and compellingly to the Chinese people.

It would be presumptuous to suggest that our engagement alone will cause democracy in China to blossom. China's future will be determined by the Chinese. But our engagement can contribute to an environment in which the Chinese people have more access to information, more contact with the democratic world, and less resistance from their government to outside influences and ideas.

It is too early to draw definitive conclusions about the success of our policy toward China or Burma. In both cases, we hope for progress; in neither do we expect miracles. Toward these countries and others where we hope for change, we must be patient and persistent. And we must design our policies not with a cookie cutter but with the special characteristics of each in mind.

All this argues for flexibility. There has long been tension between the executive branch and Congress over mandated sanctions, prohibitions, restrictions, earmarks, and other restraints on foreign policy. Having worked in both branches, I know that this tension is inevitable and, at times, constructive. When I meet with foreign officials, referring to pressure from Congress can help to spur action. What is not helpful is the growing tendency to view entire relationships

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through the prism of a single issue or to enact laws that deprive the executive of the leverage needed to bargain effectively.

The true challenge of diplomacy does not reside in the beauty of our goals. Foreign policy is practical, not aesthetic. It requires persuading others to agree to new policies and actions based on new understandings. That may entail simple logic, economic incentives, technical assistance, new commitments, information-sharing, coercion, the threat of coercion, sanctions, the threat of sanctions, or any combination of the above—and it may require a different mix of those elements tomorrow than it does today. To do his job well, the president must be able to pick and choose. You would not ask a carpenter to build a house with only a hammer. We should not expect our chief executive to construct a successful foreign policy without a full box of tools.

SPINE

DIPLOMACY REQUIRES vision and pragmatism. It also requires spine, which dictates that we honor our commitments, back our words with actions, bear essential costs, and take necessary risks. More broadly, it requires that leading nations act firmly and cooperatively to contain and repel threats to international security and peace and keep new threats from arising. Bosnia, during the first half of this decade, is an example of what happens when that responsibility is not met. Bosnia, since NATO truly began to assert itself in the summer of 1995, is an example of what happens when it is.

In early October, as this article is written, new tests of international will and American leadership loom. First, nations must unite in the struggle against terror. There is no acceptable middle ground. Terrorists today are more wealthy, mobile, sophisticated, and deadly than ever before. As President Clinton's resolute response to the African embassy bombings shows, the nation whose finest planted the flag at Iwo Jima and plunged into hell at Omaha Beach will not be intimidated by the murderers who have chosen to make our nation their enemy. We will maintain our presence wherever we are needed or have interests to defend. We will strive to protect and defend our people. We will support those from other nations who are targeted or victimized. We will use all appropriate judicial, diplomatic, economic, and

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military means to counter terrorism. We will hunt down those who attack our citizens. And we will never falter.

Second, the U.N. Security Council must deal firmly with Saddam Hussein's game of threats and defiance. In refusing to cooperate with U.N. weapons inspectors, Saddam's goal is to divide the Security Council, isolate the United States, and count on enforcement fatigue to weaken support for the sanctions regime. Thus far, his plan has backfired. The Security Council has voted unanimously to suspend reviews of the sanctions. Without sanctions relief, Saddam's dream of rebuilding his military and regaining regional influence will never be realized.

We will act on our own timetable, not Saddam Hussein's.

Our strategy is to exert steady diplomatic pressure on Baghdad to comply with Security Council resolutions and cooperate with U.N. weapons inspectors while maintaining a robust military presence to deter it from threatening regional security or vital U.S. interests. If Iraq tries to break out of its strategic box, our response will be strong and sure. We have not taken any option off the table. But we will act on our own timetable, not Saddam's.

Third, we must be resolute in our dealings with North Korea. The regime in Pyongyang hardly inspires trust. It has often acted with reckless disregard for international norms and broken its word. Its advanced weapons programs, self-imposed isolation, and lack of transparency threaten regional stability. In partnership with the Republic of Korea, close consultation with Japan, and cooperation with China and others, we have sought to move North Korea toward a less belligerent and more open approach to the world. It serves everyone's interest to proceed with the Agreed Framework, resolve ongoing concerns about the North's troublesome weapons activities, and respond to humanitarian needs. As we vigorously explore this path, no one should doubt our determination to defend our allies, troops, and vital interests on the Korean peninsula.

Fourth, we must continue to stand firmly behind implementation of the Dayton Accords. In Bosnia last year, to admonish those who still harbored separatist dreams, I said that the United States would

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not countenance the revision of Dayton or the partition of Bosnia. When I returned this summer, I said the same thing, but for a different reason. Virtually all of Bosnia's leaders have now pledged to support Dayton, and each of those I met—Croat, Muslim, and Serb—urged America's continued public commitment to that goal.

The positive changes in Bosnia were reflected in September's elections, which were the freest and most competitive ever held in that nation. Although Serb leader Biljana Plavsić lost, moderates gained in every part of the country, engendering hope that multi-ethnic national institutions will function more effectively. Our policy remains the same: it is up to Bosnia's people to choose their leaders, but we will continue to help only those who are helping to implement Dayton.

Firmness is also needed in Kosovo, where we have been working with others on three tracks—diplomatic, humanitarian, and military—to end the violence, halt Serb repression, address the needs of displaced persons, and encourage a negotiated solution that protects the rights of the Kosovar people.

Finally, the international community must redouble its efforts to prevent the spread of weapons of mass destruction. This requires a convergence of purpose from Washington to Moscow, Paris to Beijing, and points in between. Nonproliferation does not just happen. Nations must be quick to detect and share information about illicit activity. They must apply real pressure to countries violating nonproliferation standards or helping others to do so. They must give unreserved backing to international weapons inspection regimes. And they must not sell sensitive arms and technologies to suspect customers. No contract is so important and no profit so large that it is worth endangering the world.

These challenges highlight the importance not only of American will but also of the collective will of the world's leading nations. In this sense, America often serves as a catalyst and coalition-builder. We can sound the trumpet, frame the issues, and point the way, but if global standards are to be enforced, many nations—not just the United States—have indispensable roles to play. Those international leaders who insist that the world is or should be multipolar have an obligation to see that their particular pole

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stands up to its responsibilities. At the same time, the United States cannot persuade others to act if we are not willing to do so ourselves. Effective coalitions are a consequence of, not an alternative to, U.S. leadership.

RESOURCES

ASSUME THAT we have the vision to know when to act, the pragmatism to know how to act, and the spine to take on hard but necessary tasks. This is still not sufficient. We also need the resources—the people, expertise, equipment, and money—to get the job done. Unfortunately, today our foreign policy is living hand-to-mouth.

We allocate only about one-fourteenth of the portion of our wealth that we did in Secretary of State Marshall's time to support democracy and growth overseas. Among industrialized countries, we rank dead last in such contributions relative to the size of our economy. We are the number one debtor to the United Nations and the multilateral development banks. For the past decade, we have been cutting foreign policy positions, closing diplomatic posts, and shutting U.S. Agency for International Development and U.S. Information Agency missions. We lack the funds to provide full security for our people overseas. And under the current budget agreement, we face a further reduction in buying power of at least 12 percent over the next 5 years.

All this has consequences. It reduces our influence as a force for peace in the world. It detracts from our leadership on global economic issues at a time when American workers, farmers, businesspeople, and investors have an enormous stake in the health of economies overseas. It makes it harder for us to exert leverage on the contributions of others. And it requires that we walk away from problems that could be solved. This is not a test the administration can pass on its own. The executive, Congress, and the public must agree that, in striving to shape world affairs, America must be more than a status quo country. For whether the challenge is building a security fence, easing a financial crisis, or preventing a regional rivalry from erupting into violence, America cannot lead without resources, and we cannot be secure unless we lead.

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PRINCIPLE

THE ULTIMATE test of our foreign policy is how well our actions measure up to our ideals. The American people are practical and understand that there are limits to what we can accomplish. We are not—most of us—crusaders. But we are proud that America is not just another country, and we want our foreign policy to reflect our status as the globe's leading champion of freedom.

Today, for the first time in history, electoral democracy is the world's predominant form of government. Yet many democracies are fragile and their people only partly free. As our own history reflects, building democracy is hard. Even the best-intentioned leaders of new democracies face daunting challenges. Often, the economies they inherit have been distorted by decades of centralized planning or graft. Habits of cronyism and privilege must be changed. Ethnic grievances that may have simmered for generations must be cooled. And serious environmental and social problems, including upsurges in crime, may have to be confronted.

It is by now a truism that democracy requires far more than elections. It requires legal structures that provide justice, political parties that offer a choice, markets that reward initiative, police that are professional, and a press that is free to make its own judgments about what is news.

A second truism is that democracy must find its roots internally. But outsiders can help to nourish those roots—which, within the limits of available resources, is precisely what the United States is doing. From Asia to Africa to the Andes, U.S. agencies and nongovernmental organizations are training judges, drafting commercial law codes, teaching the rules of parliamentary procedure, supporting efforts to protect children and empower women, fostering the development of independent media, and otherwise helping friends to assemble the nuts and bolts of freedom. Although the specifics of our approach vary with country and circumstance, the fundamental goal is the same: to encourage the development of democratic institutions and practices.

Some call us unrealistic for insisting that democracy can take hold in less-developed nations or hegemonic for trying to promote democratic values. We understand well that democracy must emerge from individuals' desire to participate in the decisions that shape their

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lives, but we see this yearning in all countries and among all peoples. Surely there is no better way for us to show respect for the uniqueness and autonomy of others than to support their right to shape their own destinies and elect their own leaders. This is why, unlike dictatorship, democracy is never an imposition. It is, by definition, always a choice. We should neither yield to the critics nor grow disillusioned by the sea of troubles that fledgling democracies face. During the Cold War, after all, we spoke up for freedom where democracy's cause seemed without hope. It would be unforgivable if America's commitment to democratic principles were now to wane because there is no superpower rival to spur us, because we lack patience, or because democracy's imperfections have caused us to forget the far greater flaws of every other form of governance.

Freedom is America's purpose. Like other profound human aspirations, it can never fully be achieved. Liberty is not a possession; it is a pursuit. And it is the star by which American foreign policy must continue to navigate during the remaining years of this century and throughout the next.

Through the more than six decades I have been alive, the world has looked to America for leadership in countering aggression, promoting prosperity, and opposing injustice in all its forms. In that time, the American people have responded not in accordance with any single foreign policy theory but rather in a way that reflects the steadfast qualities of courage and pride, pragmatism and principle that comprise the American character. As we contemplate future uncertainties and cope with present headaches, we know that these qualities will be tested over and over again. As Acheson warned, the need for alertness, for effort, for discipline will ever be upon us.

The challenges we face, compared to those confronted by previous generations, are harder to categorize, more diverse, and quicker to change. But the stakes have not changed. The success or failure of the American people's foreign policy remains the single greatest factor in shaping our own history and the future of the world.

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Misunderstanding Europe

William Wallace and Jan Zielonka

NO RESPECT

EUROBASHING IS back in fashion in the United States. The European visitor to Washington now encounters American economic triumphalism mixed with contempt for Europe's sluggish growth and social protection. American critics castigate Europe for not contributing to regional and global order while demanding that Europeans shoulder more of the cost of leadership. For Europeans in Washington, *Newsweek*'s Michael Hirsh recently noted, "it's hard to get respect."

Anti-European sentiment in America is not new. The United States was built by immigrants who shook off the disappointments of the old world for the hope of the new. Businessmen and politicians in late-nineteenth-century America believed they represented the vigorous future, Europe the enfeebled past. In the two world wars Americans saw themselves as sailing across the Atlantic to sort out European quarrels that the Europeans were incapable of resolving among themselves.

After 1945, the American prescription for Europe was to make it "more like us": to build a United States of Europe that would become America's loyal partner within a broader Western alliance. In the years since, American disappointment at Europe's unwillingness to accept U.S. leadership unconditionally has fluctuated between despair over European political incoherence and fear that the European

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allies might agree on a framework for integration different from what Washington had prescribed.

These days, however, American commentators seem to embrace an exaggerated Euroskepticism. Irving Kristol writes of "the slowly emerging crisis in Europe's economy and society," in contrast to American economic and social vitality. "Europe is resigned to be a quasi-autonomous protectorate of the U.S.," he relates, adding, "Europeans do not know—and seem not to want to know—what is happening to them." Robert Altman and Charles Kupchan have asked whether the United States could help in "arresting the decline of Europe," while Senator Jesse Helms (R-N.C.), in moving the Senate resolution on NATO enlargement, declared that "the European Union could not fight its way out of a wet paper bag." Martin Feldstein has gone so far as to call the collapse of European integration into war a plausible outcome of Europe's economic and monetary union.

Just as European anti-Americanism damaged Western solidarity during the Cold War, so American Eurobashing threatens to unravel transatlantic cooperation in the post–Cold War era. If the United States expects Europe to shoulder a larger burden of global leadership, a decent respect for Europe's opinions is in the American interest. The current approach, combining demands for greater burden-sharing with knee-jerk dismissals of European policies, risks alienating America's most important allies.

THE VIEW FROM AMERICA

SEVERAL DEVELOPMENTS have prompted these new anti-European rumblings. First, Americans remain ambivalent about how far the U.S.-inspired project of European integration should go, for fear it could produce a true global rival. Euroskepticism also stems from the tendency toward hyperbole that characterizes Washington's policy debate. To make matters worse, Americans suffer from dwindling information and expertise on Europe as the American media retreats into domestic coverage and exotic human interest stories and the generation of exiled Europeans teaching in American universities passes on. In the end, American elites are increasingly left with a crude picture of European politics, society, and economic development.

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As a result, every European move toward greater integration is met by American warnings of the alleged dangers to U.S. interests and even to Europeans themselves. Zbigniew Brzezinski has called for a wider but weaker European Union (EU) to "expand the range of American influence without simultaneously creating a Europe so politically integrated that it could challenge the United States on matters of geopolitical importance, particularly in the Middle East." Yet each time European governments slip back toward disunity, Americans lament the European decline into a continent with "no trumps, no luck, no will," as Stanley Hoffmann put it over 20 years ago. After the exaggerated assertions of Eurosclerosis in the early 1980s came heated charges of a "Fortress Europe" on the heels of the 1986 Single European Act and the 1992 Single Market Program. Lester Thurow predicted a "Head to Head" transatlantic economic confrontation, while more alarmist commentators warned of an emerging "Euroquake," a protectionist economic bloc threatening American trade.

Eurobashing now threatens transatlantic cooperation.

American responses to the European single currency now follow a similar cycle: first inattention, then assertions that it cannot succeed, then warnings of danger once success appears imminent. American realists simply see the emerging threat of a new economic hegemon, either Germany alone or France and Germany together, rather than recognizing how common policies in the EU emerge from multilateral bargaining among 15 member states. Admittedly, economic and monetary union is a leap in the dark, and its implications for fiscal and economic policies are insufficiently spelled out. But Feldstein's intemperate predictions of doom and Milton Friedman's warnings against this "senseless" venture ignore the benefits that enhanced cross-border integration of European economies has achieved in the past decade. As in the American single market, major companies in Europe now operate across national borders. Hedging operations, accounting in multiple currencies, and currency transfer fees all hold back further integration of Europe-wide production and marketing. Coordination between central banks and finance ministries has tightened considerably in recent years and will tighten further after the launch of

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Europe's single currency. Issues of tax convergence, bank regulation, and interregional transfers have all moved up the EU agenda.

American commentary on Europe reflects its own self-image. American warnings in the late 1980s about the threat of economic competition from a powerful Fortress Europe were the flip side of the debate over American economic decline. American denigration of European economic stagnation in the late 1990s mirrors the happy consensus on America's "Goldilocks" economy—the apparent surge toward sustained growth without inflation. But the picture of a European economy in perpetual decline is a caricature. For example, American punditry has ignored the one-time effect of German unification in slowing European growth. The German government borrowed to finance the economic transformation in the former East Germany, forcing the Bundesbank to raise interest rates. Meanwhile, the general squeeze on budgetary deficits imposed by the Maastricht Treaty's criteria for monetary union also temporarily depressed short-term growth. This necessary correction in European fiscal policies should, however, lay the foundation for stronger growth with lower inflation in the future. In fact, the overall EU growth rate between 1985 and 1992, before the unification-induced rise in

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German interest rates, was higher than that in the United States. Faster American growth between 1993 and 1997 may reflect different stages in the business cycle rather than long-term changes in competitiveness.

American observers also seem to ignore the European recovery this year, which will see the EU catching up to the United States. The Organization for Economic Cooperation and Development forecasts that Europe will grow even faster than America in 1999. American leadership in information technology is unchallenged, but in pharmaceuticals and new materials Europe is not lagging far behind. Sluggish domestic demand in Germany has been accompanied by the rapid development of exports to central and Eastern Europe. While France has struggled through a painful adjustment of economic and social policies with stubbornly high unemployment, the Netherlands achieved a higher growth rate than the United States in 1997 (4.2 percent versus 3.7 percent). Ireland's growth rate was an astounding 10.5 percent, Finland's a technology-driven 5.9 percent. Airbus is keeping up with Boeing; Daimler-Benz, now with Mack Truck and Chrysler in its group, is not far behind General Motors. Transatlantic trade, in overall balance for much of the past 20 years, has recently shifted toward a robust European surplus.

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American denunciation of Europe's costly welfare systems, extensive social regulation, and sluggish labor mobility also project on Europe the domestic American debate. Proponents of free markets and welfare cuts hold a vested interest in portraying Europe as chronically uncompetitive. But the German economy is a standing rebuke to neoliberal critics; according to their theories it should have imploded years ago. Several times during the past two decades Anglo-Saxon economists have written obituary notices for the German model, only to watch it bounce back on high-quality exports, a well-trained and productive workforce, and adjustments in social and economic policies negotiated among managers, employee representatives, and federal and state authorities.

The various models of social regulation and welfare observable in Western Europe do carry heavy costs, most evident in their current failure to create full employment. All models suffer from demographic changes as populations age and pension and health care costs rise; all are forced into painful adjustments to welfare payments. But a sturdy safety net also delivers tangible benefits. Life expectancy throughout the EU is higher than in the United States, infant mortality lower. European societies maintain a much smaller gap between rich and poor than does the United States. Bringing jobs to communities rather than compelling workers to tear up their roots and move hundreds of miles maintains social cohesion. Europe's cities are vibrant and safe, and crime rates are sharply lower than in the United States. America jails over one percent of the working-age male population, a proportion eight times higher than the European average. Were this figure added to calculations of the unemployment rate and the cost of the American prison system to the U.S. welfare budget, one would get a more balanced comparison between American and European approaches to economic and social regulation.

BEASTS OF BURDEN

AMERICAN CRITICISM of European incoherence in foreign and defense policy is better justified, notably in the Bosnian tragedy. European rhetoric in 1991 that "the hour of Europe" had come would soon ring hollow, as did the 1992 Maastricht Treaty's assertion that "a Common Foreign and Security Policy is hereby established." Tragically, domestic pressures in Germany forced a hasty recognition of Slovenia

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and Croatia without any accompanying plans to help consolidate their independence, protect minority rights, or address the bloody ramifications for Bosnia. The Balkan crisis provided a painful lesson in the problems with collective foreign- and defense-policymaking for the EU, with Germany ultimately agreeing to send troops outside its borders on a mission in Europe for the first time since World War II. With less success, France and Britain developed a bilateral defense dialogue without creating an effective multilateral framework for joint European action. Nevertheless, EU foreign policy remained so fragmented that U.S. Bosnia envoy Richard Holbrooke charged European governments with "sleeping through the night" while American policymakers imposed a compromise settlement.

> What America really demands is that Europe pay for U.S. hegemony.

Here again, however, American criticism masks an underlying ambivalence. Successive U.S. administrations have called for political and security partnership while obstructing moves toward a "European caucus" within or outside NATO. One telling example was the Senate resolution on NATO enlargement, which reasserted "an ongoing and direct leadership role for the United States in European security affairs" while demanding that "the responsibility and financial burden of defending the democracies of Europe ... be more equitably shared."

For European governments this story is wearily familiar. Henry Kissinger's response to Western Europe's first steps toward foreign policy coordination, at the Helsinki Conference on Security and Cooperation in Europe in 1972-73, was to demand that American representatives sit in on all consultations among European nations. He felt particularly concerned that Western European governments might develop an autonomous policy toward the Middle East. More recently, the U.S. response to European negotiations on common foreign policy at the 1991 Maastricht Intergovernmental Conference signaled that the transformation of the Western European Union, the defense arm of the EU, into an autonomous grouping within NATO would be unacceptable to the United States. The British and Dutch governments took the hint and weakened their proposals for closer European cooperation while the French stiffened their resistance to

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what they saw as the re-emergence of American hegemony. As a result, the EU to this day remains a civilian power, an effective global actor in economic policy, aid, and international institutions but without comparable political clout or military capacity. Having helped produce this dilemma, U.S. officials now criticize it.

American Euroskeptics accuse the European allies of being free riders on American-provided security. But that charge is sustainable only within the narrow confines of military capability and expenditure. True, European NATO members together only spend the equivalent of 66 percent of the U.S. defense budget. By any broader definition of security, however, the European contribution is far higher. In the five years after the Berlin Wall fell, three-quarters of Western economic and financial assistance to Russia and the countries of central and Eastern Europe came from the EU. Over half the international aid to the West Bank and Gaza from 1994 to 1997, designed to boost the Middle East peace process, came from Western Europe, in contrast to only 10 percent from the United States. European contributions to international organizations and economic development in the poorest states of Africa and South Asia far exceed the shrinking U.S. share. This is equitable burden-sharing by any honest calculation. Constant repetition of the claim that Europe should pay more—without letting those who pay the piper have some say in choosing the tune—is one of the most corrosive elements in American criticism. Western European governments, deeply conscious of the value of the American-led NATO framework, are far from breaking the transatlantic link. But there is increasing irritation that what Congress and the administration really demand is that the Europeans pay for U.S. hegemony.

THE VIEW FROM EUROPE

For Europeans, American confidence in the vigor of the U.S. economy contrasts oddly with American protests that the United States can no longer afford to support its share of international responsibilities. This incoherence is one result of American politics being projected onto transatlantic relations. Years of partisan wrangling over the U.S. deficit, taxation, foreign aid, and contributions to international organizations have created a consensus that Americans cannot pay

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more and resentment that the European allies appear to be paying less. A review of the U.S. debate on transatlantic relations prepared by the Council on Foreign Relations was peppered with the terms "resentment" and "resentful," reporting anger at the European allies for not pulling their economic weight and not giving the United States full support on every aspect of its diplomacy.

European governments, which have struggled to publicize to Congress and the American media their substantial financial contributions to Russia, Eastern Europe, the Middle East, and Africa, are annoyed by the failure of American political leadership to recognize this reality. From the president downward, U.S. leaders happily lecture their allies on their responsibilities but flinch from warning Congress of how inaccurate its perceptions truly are. The confident expectation of America's foreign policy elite that Europeans will sweep aside their own domestic constraints when the United States needs their support contrasts painfully with the timid hesitancy when this same foreign policy elite approaches its own domestic audience. Many of the most internationalist of administration officials feed rather than combat congressional resentment. In one example, at the NATO foreign ministers' meeting in December 1997, Secretary of State Madeleine K. Albright protested that the United States was providing 90 percent of the funds for a new training program for the Bosnian police. "In key areas such as this," she admonished her colleagues, "other members of the alliance need to do much, much more." Her European audience, conscious that they were already providing over 70 percent of the total budget for peacekeeping and civilian construction in Bosnia and 80 percent of the peacekeepers on the ground, could only worry about the impact on audiences in Washington of such selective statistics.

While American foreign-policy makers complain about the chaos of different institutions in Brussels and clashing national interests among European states, Europeans have to grapple with the confusion of competing power centers in Washington. Europeans see American foreign-policy making crippled by the wide gap between the professional elite and Congress and by another comparable gap between Congress and public opinion. Such gaps emerged partly from the post-Vietnam and post–Iranian Revolution traumas that still hang over American politicians, and partly from the power that lobbies

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wield in Washington politics. As a result, the United States will launch unilateral actions to satisfy a domestic interest group and expect that other nations play obedient multilateral-minded partners. America disregards international law and institutions while insisting that other states accept the rulings of international bodies when convenient for the United States.

The Washington elite is fond of sharply contrasting the clarity of American strategic leadership with the bumbling confusion of European allies. But Europeans, struggling to balance their own domestic interests against those of their partners without antagonizing the United States, see a similarly confused alliance leader: a nation driven off track by domestic politics, trapped in a political cockpit where the constant pursuit of campaign contributions and specific lobbies threatens to overtake wider Western interests. Washington's approach to NATO enlargement—reversing its elaborately prepared Partnership for Peace initiative—produced major changes in American policy declared without warning in speeches to Polish-American and Baltic-American groups, while wildly differing estimates of enlargement costs became ammunition for interagency politicking. Much of the funding for the U.S. Committee to Expand NATO was provided by armaments companies that hoped to sell U.S. weapons systems to new member states. Parochialism came to drive policy.

DOING IT OUR WAY

DAMAGE TO transatlantic relations also comes from the distortion of American foreign policy through the power of domestic lobbies and the arrogant unilateralism of congressional leaders. Two-thirds of the world's population is now covered by some form of U.S. sanctions imposed by Congress or state and local governments—a messier tangle of overlapping and incoherent laws than anything the EU can offer. The powerful Cuban lobby has discredited America's policy toward Castro, while U.S. policy toward the Middle East is distorted by the influence of the strong pro-Israel lobby. European governments understand that it made sense in domestic politics for President Clinton to unveil increased sanctions against Iran at the World Jewish Congress in New York and why Senator Alfonse D'Amato (R.-N.Y.)

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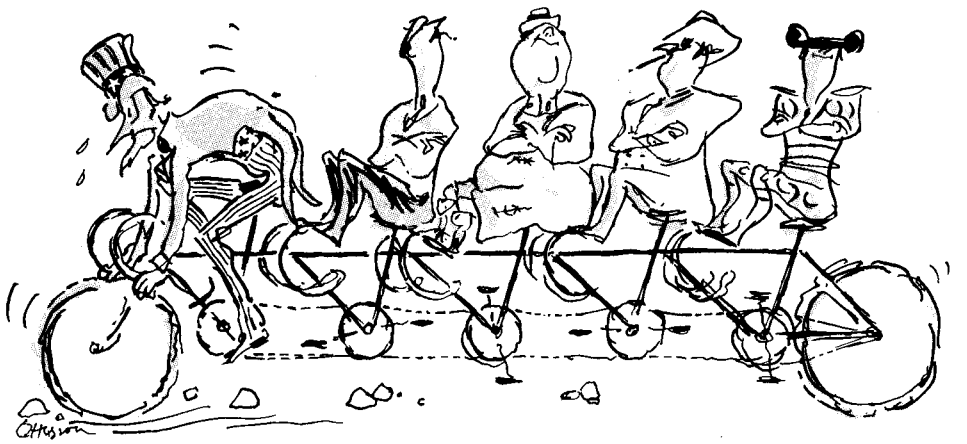

has pushed for the Iran-Libya Sanctions Act (ILSA). But these moves still make Europeans cynical about such policies and make all the more questionable the Clinton administration's insistence that European allies categorically accept American leadership in Middle East policy.

Even greater damage results from the way some congressional leaders, and even a few administration officials, address their European partners. Any European parliamentary leader who treated American representatives in the style of the Senate's current foreign relations chairman would provoke outrage in Washington. Jesse Helms walked out when the British foreign secretary disagreed with him on burden-sharing in a May 1997 meeting. "To hell with international law," *The San Francisco Chronicle* reported that D'Amato told a European ambassador who suggested that ILSA contravened it. D'Amato further added, "You've got a choice to make: you're either with us or against us, and I only hope for your sake you make the right decision." European diplomats and politicians are particularly galled by White House officials who assure them that the policies resulting from such rhetoric are nevertheless part of a rational global strategy that Europe must support.

In one telling example of U.S. ambivalence toward international law, American policymakers have called on European states, institutions, and private actors to support the restitution of Jewish property and investments stolen during the Holocaust. This transatlantic appeal to international justice, backed by threats of unilateral sanctions, roughly coincided with the American refusal to accept that the jurisdiction of the International Criminal Court (ICC) might apply to the United States. European governments are painfully aware of the dark

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periods in their history, but they find it hard to accept the claim that America is entirely exceptional. "Everyone knows that the United States is a righteous nation," Joshua Muravchik of the American Enterprise Institute boldly declared to a surprised European audience. For Europe, it is not self-evident that the United States, with its own historical demons, has earned the right to be outside and above the disciplines of international law. In the end, Europeans were left scratching their heads when American delegates voted against all their European allies and sided with Iraq, Libya, and China in opposing the ICC.

The American approach to international organizations is now evident: unilateral abrogation of its own financial obligations combined with the insistence that other states observe theirs, all while demanding that the organization in question follow Washington's commands promptly and fully. Few Europeans can understand the deep roots of American antagonism toward the United Nations, and European governments feel no sympathy for America's failure to pay its U.N. dues. The United States depends on U.N. inspection teams to probe Iraq's weapons program and needed the United Nations to assemble the coalition that forced Iraq out of Kuwait. Watching the United States selectively exploit the United Nations when necessary and disrespect it the rest of the time, European governments are hard pressed to persuade their citizens to follow U.S. policy wherever it may lead. European officials are similarly dismayed when the United States assumes that the International Monetary Fund and the World Trade Organization will follow American preferences.

PARTNERSHIP WITHOUT ILLUSIONS

TO THIS DAY, the United States calls for greater collective European action but insists on American approval before any joint European initiative, especially in security matters. American policymakers decry the European culture of dependency on U.S. leadership while insisting in the same breath that it continue. Without defending that dependency, the confusion of Brussels institutions, or the ever-irritating differences of style among leading European governments, one must address the inconsistencies in

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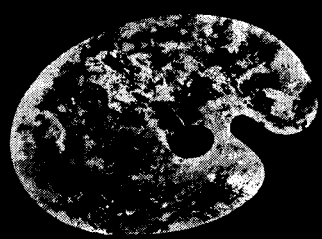

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American thinking rather than rehash the familiar deficiencies of European cooperation.

American think tanks offer prolific proposals for transatlantic redesign. Few, however, address the changes that are needed in American policy to reinforce this partnership. There is a sad parallel between this failure and the EU's treatment of the post-socialist governments of central and Eastern Europe between 1990 and 1996. The EU set out a series of tasks and targets that the applicant states were required to accept without admitting that it would itself have to adjust to a transformed Europe. Not until the summer of 1997, when the European Commission issued its *Agenda 2000* report, did the EU spell out the reforms that it needed to prepare itself for eastern enlargement. But an equally introspective American report on the adjustments that the United States must make to accommodate a changing Europe has yet to appear.

For example, a 1997 RAND report, *America and Europe: A Partnership for a New Era*, still views the relationship as one that the United States will lead in the Cold War style. One proposal, closely echoing Kissinger's 1973 demands, suggests that Europe inform and consult the United States before making EU decisions. "This will be awkward for EU members and institutions, but it is essential for an effective partnership," the report insists. And yet the same report dismisses the idea that U.S. policymaking should take European interests into account as "illogical . . . because the United States is a sovereign country." In a similar vein, Charles Kupchan's 1996 *Foreign Affairs* manifesto for "an Atlantic Union" concentrates on what the Europeans must do to adhere to American preferences, not the other way around.

Transatlantic relations in the late 1990s are characterized by intense economic relations but weak political contacts. Yet an effective U.S.-European political partnership across a wide range of policy areas is essential to global order and the world economy. Those in Washington who depicted the Asia-Pacific region as representing America's future and Europe its past must recognize after the eruption of the Asian crisis that the European allies—with all their evident flaws and weaknesses—are the United States' only dependable partners, sharing America's values and burdens.

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A MATTER OF TRUST

THE SURVIVAL of the transatlantic partnership forged under the exceptional circumstances of the Cold War should not be taken for granted. For most of American history, relations with Europe have been cool. If Europeans were to apply to America the same realist logic that John Mearsheimer of the University of Chicago applied to post–Cold War Europe, they would predict a return of American isolationism or transatlantic rivalry. But a productive transatlantic relationship cannot be sustained without a firm base of domestic support within both the United States and Europe. Sadly, American foreign-policy makers have failed to provide the necessary domestic leadership.

There is a danger that American elites will continue to react to the successful launch of the European single currency with a mood swing comparable to ten years ago, from proclamations of Europe's decline to complaints of European threats to American interests. Monetary union will indeed alter the balance of the Atlantic relationship and force further political integration among EU member states. Smaller steps toward integrating EU foreign policy—such as the reorganization of the European Commission's directorates-general for external relations into a coherent group and the transformation of the role of the EU Council's secretary-general into a post akin to that of the NATO secretary-general—may also appear to strengthen Europe and threaten American interests. Detailed negotiations for eastern enlargement of the EU are bound to involve compromises that some American enterprises will see as adversely affecting their interests. Different domestic constraints will pull European and American policymakers in opposite directions on issues ranging from global warming to food additives to genetically modified crops.

As Europe's unwieldy confederal mechanisms lumber forward, however, American elites must avoid alarmism. They will do more for the future of Atlantic relations if they focus on how American government and politics should best adjust to ensure that Congress and the public gain an accurate picture of European developments. The United States does not need grand transatlantic redesigns. Instead, it must integrate its relations with the EU and NATO and accept that a European caucus within NATO is in America's long-term interest. On

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this point, the RAND study correctly observes, "American resistance to the formation of an EU identity within NATO will only rekindle European interest in an eventual EU military alliance outside NATO." As a start, the United States could consolidate its huge missions to the EU and NATO and appoint a senior political figure to represent the United States as a whole to the European institutions.

A long-term partnership requires mutual accommodation and two-way communication. Americans who understand the critical importance of the Atlantic relationship in a disordered world must also recognize the adverse impact that Washington's self-absorbed but noisy debate has on its European listeners. They must exert themselves not only to listen more carefully to European concerns but also to convey them accurately to political opinion makers in the United States. Europeans who understand the central importance of the transatlantic relationship already recognize the many obstacles presented by disjointed European institutions and do their best to overcome them. An end to Eurobashing from across the Atlantic would help them in their task.

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Catastrophic Terrorism

Tackling the New Danger

Ashton Carter, John Deutch, and Philip Zelikow

IMAGINING THE TRANSFORMING EVENT

TERRORISM IS not a new phenomenon. But today's terrorists, be they international cults like Aum Shinrikyo or individual nihilists like the Unabomber, act on a greater variety of motives than ever before. More ominously, terrorists may gain access to weapons of mass destruction, including nuclear devices, germ dispensers, poison gas weapons, and even computer viruses. Also new is the world's dependence on a nearly invisible and fragile network for distributing energy and information. Long part of the Hollywood and Tom Clancy repertory of nightmarish scenarios, catastrophic terrorism has moved from far-fetched horror to a contingency that could happen next month. Although the United States still takes conventional terrorism seriously, as demonstrated by the response to the attacks on its embassies in Kenya and Tanzania in August, it is not yet prepared for the new threat of catastrophic terrorism.

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American military superiority on the conventional battlefield pushes its adversaries toward unconventional alternatives. The United States has already destroyed one facility in Sudan in its attempt to target chemical weapons. Russia, storehouse of tens of thousands of weapons and material to make tens of thousands more, may be descending into turmoil. Meanwhile, the combination of new technology and lethal force has made biological weapons at least as deadly as chemical and nuclear alternatives. Technology is more accessible, and society is more vulnerable. Elaborate international networks have developed among organized criminals, drug traffickers, arms dealers, and money launderers, creating an infrastructure for catastrophic terrorism around the world.

The bombings in East Africa killed hundreds. A successful attack with weapons of mass destruction could certainly take thousands, or tens of thousands, of lives. If the device that exploded in 1993 under the World Trade Center had been nuclear, or had effectively dispersed a deadly pathogen, the resulting horror and chaos would have exceeded our ability to describe it. Such an act of catastrophic terrorism would be a watershed event in American history. It could involve loss of life and property unprecedented in peacetime and undermine America's fundamental sense of security, as did the Soviet atomic bomb test in 1949. Like Pearl Harbor, this event would divide our past and future into a before and after. The United States might respond with draconian measures, scaling back civil liberties, allowing wider surveillance of citizens, detention of suspects, and use of deadly force. More violence could follow, either further terrorist attacks or U.S. counterattacks. Belatedly, Americans would judge their leaders negligent for not addressing terrorism more urgently.

The danger of weapons of mass destruction being used against America and its allies is greater now than at any time since the Cuban missile crisis of 1962. It is a national security problem that deserves the kind of attention the Defense Department devotes to threats of military nuclear attack or regional aggression. The first obstacle to imagination is resignation. The prospects may seem so dreadful that some officials despair of doing anything useful.

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Some are fatalistic, as if contemplating the possibility of a supernova. Many thinkers reacted the same way at the dawn of the nuclear age, expecting doom to strike at any hour and disavowing any further interest in deterrence as a hopeless venture. But as with nuclear deterrence, the good news is that more can be done.[1]

ORGANIZING FOR SUCCESS

THE THREAT of catastrophic terrorism spans the globe, defying ready classification as solely foreign or domestic. As the 1993 World Trade Center incident demonstrated, a terrorist group can include U.S. citizens and foreign nationals, operating and moving materials in and out of American territory over long periods of time. The greatest danger may arise if the threat falls into one of the crevasses in the government's overlapping jurisdictions, such as the divide between "foreign" and "domestic" terrorism or "law enforcement" versus "national security."

The law enforcement/national security divide is especially significant, carved deeply into the topography of American government. The national security paradigm fosters aggressive, active intelligence gathering. It anticipates the threat before it arises and plans preventive action against suspected targets. In contrast, the law enforcement paradigm fosters reactions to information provided voluntarily, uses ex post facto arrests and trials governed by rules of evidence, and protects the rights of citizens.

President Bill Clinton appointed a national coordinator for security, infrastructure protection, and counterterrorism in May 1998 to "bring the full force of all our resources to bear swiftly and effectively." There is no harm in the designation of a White House aide, but one should

[1] This article is a distillation of the complete report of the Universities Study Group on Catastrophic Terrorism, published by Stanford University. A version of it will appear as a chapter in the forthcoming *Preventive Defense: An American Security Strategy for the 21st Century*, by Ashton Carter and William Perry. Members of the group, which was convened by the Kennedy School of Government's "Visions of Governance in the 21st Century" Project, are Graham Allison, Zoë Baird, Victor DeMarines, Robert Gates, Jamie Gorelick, Robert Hermann, Philip Heymann, Fred Iklé, Elaine Kamarck, Matthew Meselson, Joseph Nye, William Perry, Larry Potts, Fred Schauer, J. Terry Scott, Jack Sheehan, Malcolm Sparrow, Herbert Winokur, and Robert Zoellick. Though most members are sympathetic to our conclusions, none is responsible for this essay.

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not place faith in czars. Real power still resides in the executive departments that have people, equipment, money, and the capacity to get things done.

Because most of the government functions addressing the danger of catastrophic terrorism apply to other purposes as well, the people making decisions about these capabilities against terrorists should be the same people who consider the other missions and can reconcile competing demands. The U.S. government must create unglamorous but effective systems for accountable decision-making that combine civil, military, and intelligence expertise throughout the chain of command; integrate planning and operational activity; build up institutional capacities; and highlight defensive needs before an incident happens. This strategy has four elements: intelligence and warning; prevention and deterrence; crisis and consequence management; and coordinated acquisition of equipment and technology.

INTELLIGENCE AND WARNING

THE INTELLIGENCE role in preventing catastrophic terrorism is complicated by nonstate actors, concealed weapons development, and unconventional deployments, all of which are hard to monitor and preempt. In cyberattacks, for example, the deployment of weapons can be entirely electronic. The U.S. government should therefore have the authority to monitor any group and its potential state sponsors that might have the motive and the means to use weapons of mass destruction. In order to detect such weapons anywhere in the world, the United States should utilize remote sensing technology and cultivate global sources of information. Necessary measures include clandestine collection of open sources, such as foreign newspapers and the Internet, as well as a full exchange of information with key allies.

Nearly a year before its attack on the Tokyo subway system the Aum Shinrikyo group had used the nerve gas Sarin in assaults on civilians. Although the Japanese media had reported the news, the U.S. government remained in the dark. Not only did Washington not hear what Japanese law enforcement agencies knew, but the Japanese agencies themselves were not aware of what other local organizations in Japan had uncovered. The parties involved did not share the expertise

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to prevent another attack. To this day, U.S. intelligence lacks a place to perform comprehensive planning for the collection of information, where the yields from overhead reconnaissance, electronic surveillance, clandestine agents, law enforcement databases and informants, and reports from foreign governments can be sifted and organized for maximum effect.

The intelligence job is hard but not impossible. The would-be terrorists have problems as well. If they are supported by a state, their organizations tend to be either large and leaky or small and feckless. If they are not backed by a state, the group may be small, feckless, and pathological, too. These realities form the opportunities for intelligence success. The national security agencies can seize the initiative. Domestic law enforcement officials, understandably, do not actively pursue intelligence collection but focus their efforts on informants or other evidence in investigating suspected criminal actions. Civil liberties properly discourage them from going out and looking for criminals before they have evidence of a crime. On the other hand, domestic law enforcement has many techniques for gathering data, including lawful wiretaps and grand jury investigations. Much of what these efforts yield, however, is closed off to the national security community by law or regulation to safeguard constitutional rights.

The United States needs a new institution to gather intelligence on catastrophic terrorism—a National Terrorism Intelligence Center—that would collect and analyze information so it could warn of suspected catastrophic terrorist acts ahead of time.

Since this center would have access to domestic law enforcement data, it should not be located at the Central Intelligence Agency. Instead, the National Center should incorporate the highly successful Director of Central Intelligence Counterterrorism Center, which has a narrower mandate than this proposal, and be located in the Federal Bureau of Investigation. However, the center would be run by an operating committee chaired by the director of central intelligence and including the director of the FBI, the deputy secretary of defense, the deputy attorney general, the deputy secretary of state, and the deputy national security adviser. The National Foreign Intelligence Program, which already provides support for the FBI's National Security Division, would cover the center's budget, while the National Security Council would take up un-

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THE NATIONAL TERRORISM INTELLIGENCE CENTER WOULD:

- monitor and warn the relevant U.S. government bodies, supporting defense and intelligence operations, and law enforcement agencies of terrorist threats;
- set integrated collection requirements for all the intelligence agencies or bureaus of the U.S. government;
- receive and store all lawfully collected, relevant information from any government agency, including law enforcement wiretaps and grand jury information, to protect established civil liberties;
- analyze all forms of relevant information to produce integrated reports that could be disseminated to any agency needing them, while appropriately restricting dissemination of underlying domestic wiretap and grand jury information;
- review planned collection and intelligence programs of all agencies directed toward terrorist targets to determine the adequacy and balance among these efforts in preparation of the president's proposed budget; and
- facilitate international cooperation in counterterrorism intelligence, including the bilateral efforts of individual agencies.

THERE ARE TWO TASKS THAT THE CENTER WOULD NOT COVER:

- it would not manage operational activities or take on the task of providing general intelligence on the proliferation of weapons of mass destruction (now coordinated in the Director of Central Intelligence Nonproliferation Center); and
- it would be exempt from pretrial discovery in the trials of indicted criminals.

resolved disputes. The director of the center would come alternately from the FBI and the CIA, and all intelligence organizations would provide a specified number of professionals exempt from agency personnel ceilings.

In short, the center would combine the active intelligence gathering approach of the national security agencies, which are not legally constrained in their foreign investigations, with the domestic authority and investigative resources of law enforcement agencies. This combination is consistent with public trust and respect for civil liberties: the center would have no powers of arrest and prosecution and would maintain a certain distance from the traditional defense and intelligence agencies. The center would also be subject to oversight from existing institutions, like the federal judiciary, the President's Foreign Intelligence Advisory

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Board, and the select intelligence committees of Congress. Such a plan reconciles the practices of foreign intelligence work with the restrictions that limit the reach of law enforcement.

PREVENTION AND DETERRENCE

AT LEAST three measures are needed to prevent and deter catastrophic terrorism: an international legal initiative outlawing the development or possession of weapons of mass destruction, a National Information Assurance Institute, and stronger federal support for strategic risk analysis.

Outlawing Terror Weapons. Prevention is intertwined with deterrence. The United States already has a firm and increasingly credible policy that criminalizes terrorist activity and supports sanctions, and even the use of force, to thwart or respond to an attack. Washington must now work with other countries to extend the prohibitions against development or possession of weapons of mass destruction. A Harvard biologist, Matthew Meselson, has suggested a convention making any individual involved in the production of biological weapons liable as an international criminal, prosecutable anywhere, as is already the case for pirates and airplane hijackers. This proposal would still permit countries to research and plan defensive work against biological warfare agents.

Governments have already promised to restrain their weapons development in other treaties, such as the Nuclear Nonproliferation Treaty, the Biological Weapons Convention, and the Chemical Weapons Convention. Governments that break such treaties violate international law. Our proposal is different and goes further. The development of prohibited weapons would become a universal crime, opening the way to prosecute and extradite individual offenders wherever they may be found around the world. Thus the power of national criminal law would be used against people, rather than the power of international law against governments. This builds on analogous developments in piracy law, airplane hijacking, crimes of maritime navigation, theft of nuclear materials, and crimes against diplomats.

Over time, the burden of proof on states to demonstrate compliance with international conventions must shift. International norms

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should adapt so that states are obliged to reassure other states that are worried and to take reasonable measures to prove they are not secretly developing weapons of mass destruction. Failure to supply such proof or to prosecute the criminals living within their borders should entitle worried nations to take all necessary actions for their self-defense.

National Information Assurance Institute. Private-sector cooperation is vital but has proven elusive in the fight against cyberterrorism. The President's Commission on Critical Infrastructure Protection stressed that the private sector is reluctant to work with the government on this issue because of the high cost, unclear risk, and the prospect of heavy-handed government action. On the other hand, although the FBI has created a National Infrastructure Protection Center that can help identify weaknesses, it is too overburdened with other operational duties to work successfully with industry or harness the significant resources and expertise in the Pentagon on the cyberproblem.

Instead, a National Information Assurance Institute, based in the private, nonprofit sector, could become an industry laboratory for cyberprotection through a public-private partnership. The institute would serve as a nonprofit research organization composed of private companies, universities, and existing nonprofit laboratories, governed by a board of directors drawn from the private sector and academia. The institute staff could be supplemented from both industry and government. Industry affiliates would include not only manufacturers of information systems and service vendors but companies from the power, telecommunications, banking, transportation, oil and gas, water and sewer, and emergency service sectors. This institute could confidentially assess information assurance for industry and train industry representatives on state-of-the-art procedures ("technical best practices"), possible threats, and government policies while receiving contracts from government. In addition, it could conduct research on security assessment tools, intrusion detection, data recovery, and restoration. It would be hard for individual companies to invest in such research without claiming the proprietary right to profit from it, and difficult for any company to tell competitors about its vulnerabilities. But the government cannot do these jobs effectively on its own either. A neutral third party—a

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FOR INDUSTRY, THE NATIONAL INFORMATION ASSURANCE INSTITUTE WOULD BE:

- a clearinghouse for sharing information assurance techniques and technology;
- a developer of common techniques and technology for information assurance;
- a trusted repository of proprietary information that poses no competitive threat;
- a single point of contact for law enforcement, national security, and other federal agencies; and
- a resource for training industry personnel about technical best practices and government policies.

FOR GOVERNMENT, THE INSTITUTE WOULD SERVE AS:

- a channel for sharing sensitive intelligence about threats to information infrastructure;
- a center for developing technology and improving techniques for protecting critical infrastructure; and
- a unified government-industry forum for coordinating federal policy affecting infrastructure providers.

nonprofit entity in the private sector—is needed. As the institute develops industry standard best practices and evaluates the vulnerability of commercial products, it could rely on informal private-sector enforcement of these ideas in the marketplace—through insurance rating, for example—rather than government regulation. The institute could also perform incident evaluations, monitor information assurance, provide on-call assistance, and help industry develop contingency plans for failure.

Risk Analysis. This form of analysis is well known to engineers who look at a dangerous mechanical or electronic system to find key sequences of errors that can lead not just to failure, but to catastrophic failure. In this case, the role of such analysis would be to define risks, gather data to assess their relative seriousness, and subdivide the problems into components where resources can make the biggest impact. A systemic approach would include area surveillance, specific threat identification, targeted surveillance and warning, interdiction and covert action, postattack consequence management, forensic analysis, preventive and punitive action, and learning lessons.

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Government agencies can do many things reasonably well, but strategic risk analysis is not one of them. A better alternative would be a nonprofit center for catastrophic terrorism risk analysis, under an FBI contract—similar to the role of the RAND Corporation early in the nuclear era. The Department of Defense has already created a good planning unit, but such a center must have a domestic, not just defense, focus. Meanwhile, the prevention of catastrophic terrorism depends on the interdiction of the people and materials involved. Guided by strategic risk analysis, a serious U.S. effort would include the development of remote sensing technology to detect nuclear, biological, and chemical weapons (and their components). Aided by international agreements among suppliers, the precursor materials that could be used to make such weapons should be chemically marked to enhance detection or ex post facto investigations.

Moreover, the United States should aspire as a long-term objective to identify every person and all freight entering the country. This goal cannot be attained soon, but even imperfect measures can raise the perceived risk to would-be terrorists that someone could intercept their weapons material. International border crossings are an important bottleneck. The United States should support a system to ensure that every country's passports are computer readable, with every country's passport control stations linked to a database that can verify the document or indicate the need for further inquiries. As with credit cards, third parties can perform this role using data supplied by participating clients—in this case, governments. Terrorists could still use documents of nonparticipating countries, but those would attract just the suspicion they prefer to avoid.

CRISIS AND CONSEQUENCE MANAGEMENT

AMERICA BASES its present system for handling terrorist emergencies on the FBI at home and the State Department or local military commanders abroad. If an acute threat emerges in the United States, local authorities must alert the FBI. In turn, the FBI's special agent in charge then organizes the intergovernmental response by activating a strategic intelligence center in Washington and a joint operations center and public affairs effort at the site of the attack. Following the East Africa bombings of U.S. embassies, for example, the State Department

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covered the diplomatic duties and most consequence management while the FBI took charge of the crime scene and criminal investigation.

If there were a threat of weapons of mass destruction, the FBI could call on its Weapons of Mass Destruction Operations Unit, which coordinates the response with other agencies, in particular the Pentagon. It also has the legal authority to seek military aid for a crisis on U.S. soil. Meanwhile, the Federal Emergency Management Agency (FEMA) would organize consequence management under the "Federal Response Plan." This present structure is adequate for ordinary terrorist threats or attacks, or even small scares involving weapons of mass destruction.

If the U.S. government learned that a large-scale attack of weapons of mass destruction was imminent, however, this usual structure would be pushed aside. The White House would immediately take charge and seek to use every bit of power at America's disposal to avert or contain the attack. The operational command structure would need to direct everything from CIA covert actions to air strikes; set up interdiction on ground, at sea, and in air; mobilize thousands of soldiers; and move thousands of tons of freight. None of these actions can happen quickly unless plans have already been drawn up and units designated to carry them out, with repeated training and exercises that create the readiness to bring the plans to life. In this situation, the Defense Department would take the leading role. The FBI neither commands the resources nor plans to command them.

Crisis management for catastrophic terrorism should use appropriate force in any part of the world to minimize collateral damage while thwarting a possible attack. It would include urgent protective efforts; employ every resource of federal, state, and local governments; and launch a forensic investigation after an attack to collect evidence and track down the terrorists involved.

If an attack occurs, America must respond immediately to mitigate casualties and damage. Such a massive effort would include emergency medical care; distributions of protective gear, medications, and vaccines; and possible evacuations and area quarantines. It would also require extensive preparations in central locations, the capacity to mobilize its units on sudden notice, and cooperation of local authorities.

The United States needs a two-tier response structure: one for ordinary terrorist incidents that federal law enforcement can manage

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with interagency help, and another for truly catastrophic terrorist attacks. The government would require two new offices, one within the office of the defense secretary, and the other within the existing U.S. Atlantic Command, which already bears operational responsibility for the defense of the American homeland and the majority of the U.S. armed forces. These Catastrophic Terrorism Response Offices, or CTROs, would coordinate federal, state, and local authorities as well as the private sector to respond to major terrorist threats once they are activated by the president and the defense secretary.

The two CTROs should have the responsibility and accountability for U.S. readiness to handle catastrophic terrorist threats upon activation by the president. The defense secretary would serve as executive agent for both offices and their budget programs, so that they could be incorporated into the Department of Defense's program budgeting system, and he would submit a consolidated catastrophic terrorism response program for the president's budget proposal. Congress moved toward such a goal in the Defense against Weapons of Mass Destruction Act of 1996 (more commonly known as the Nunn-Lugar-Domenici Amendment, or Nunn-Lugar II), which mandated that the Pentagon train civilian emergency personnel at all levels of government and

THE CATASTROPHIC TERRORISM RESPONSE OFFICES WOULD:

- assess intelligence and alert the National Command Authority of catastrophic terrorist threats;
- set requirements for the collection and analysis of intelligence by the National Terrorism Intelligence Center;
- assure that resources and trained personnel are available at the federal, state, and local level to respond to catastrophic threats;
- sponsor training and exercises involving federal, state, and local authorities for responding to catastrophic attacks;
- task operations by other organizations, once activated by the president (through the defense secretary), so that actual operations are carried out in existing channels (e.g. military operations through the Joint Chiefs of Staff); and
- coordinate analogous international readiness to join in a combined response against catastrophic terrorist threats.

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establish rapid terrorism response teams. This idea broadens the scope of the initiative and provides a stronger institutional base.

The Department of Defense would play a strong supporting role, but not the leading one. Its responsibilities would be contingent, not routine. It has the resources and capabilities to meet the challenge of biological and chemical weapons, but it should apply those resources either to crisis management or to postattack planning as part of a larger national effort.

Why two offices, rather than one? The CTRO in the Pentagon would concentrate on preparedness for preemptive and/or retaliatory strikes, through covert action or the armed forces. It would draw additional staff from a relatively narrow set of agencies: the Joint Chiefs of Staff, the CIA, and the FBI. This is a highly secret, delicate activity that currently only the CIA and the Joint Chiefs of Staff—not the FBI—cover in an ad hoc manner. The second office, in contrast, would handle a much broader range of activities that affect prevention, containment, and management of the postattack consequences. It would draw on the resources of the National Guard, FEMA, the Department of Health and Human Services, and other federal, state, and local agencies. This office would function like a large orchestra that an integrated structure like the U.S. Atlantic Command could activate in an emergency.

Neither of these new offices need be very large. Their jobs would involve planning, not day-to-day intelligence gathering, law enforcement, or combat operations. Yet their work will be invaluable should a crisis ever come.

ACQUISITION

TODAY THE U.S. government is ordering everything from vaccines to new research, with nearly two dozen agencies issuing their own separate shopping lists. When these budget requests arrive in Congress, the lack of planning creates difficult choices for committees, which then argue with each other about how to divide the appropriations pie. The government should instead coordinate all budgets involving counterterrorism capabilities. The United States needs to acquire technology such as detectors of special materials (like radioactive substances), forensic investigation tools, automated tracking and

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analysis systems, and protective clothing and equipment. The Clinton administration has already started to acquire stockpiles of vaccines, antidotes, and antibiotics, adding to such a program already underway for the U.S. armed forces. But it still needs resources for storage and shipment of medications as well as research into defense against biological weapons. Laboratories around the country also need improved detection devices so they can rapidly analyze substances and check field identifications.

Attorney General Janet Reno has warned Congress of the extraordinary acquisition requirements of a serious policy addressing catastrophic terrorism. In April, she explained that "we may need to develop an approach which will permit the government to accelerate the normal procurement procedures to quickly identify and deploy new technologies and substances needed to thwart terrorist threats and respond to terrorist acts. These procedures would be used not only to purchase medications and other needed tools, but also in some instances, to borrow medications or tools from, or to enter in effective partnership with, academia and industry." This statement is a call for an interdepartmental acquisition program that draws on Pentagon expertise. Despite its limitations, the Defense Department still has the best track record in the government for successful sponsorship of technological development and rapid, large-scale procurement.

This proposed acquisition program for counterterrorism would be distinct from other programs for cooperative threat reduction (like the Nunn-Lugar programs for the former Soviet Union), the reducing of narcotics trafficking and organized crime, and nonproliferation activities. The government requires an effective interdepartmental committee system—a National Counterterrorism Acquisition Council—chaired by the undersecretary of defense for acquisition and technology. The council should include representatives from other departments, including top subcabinet officials from the Departments of Justice, Energy, Treasury, State, and Health and Human Services, as well as the deputy director of the FBI, the deputy CIA director for science and technology, and the FEMA director.

This acquisition council would need to oversee the field testing and evaluation of new capabilities with the participation of several concerned agencies. Some agencies might worry about the Pentagon

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usurping the procurement decisions. But it is precisely these agencies that should want the national program. The Defense Department will already be acquiring vast quantities of equipment for its own needs. Suppliers will naturally configure themselves around this demand. Civilian agencies need a way to ensure that their particular requirements are taken into account as well. The acquisition council can also help agencies share technology, tactics, and materiel. Further, this council can provide a point of contact for international programs and technology-sharing with other nations. It can provide government-wide procedures, controlling access to especially sensitive projects within the national counterterrorism program. Although various departments would execute the program, the acquisition council would still be responsible for monitoring the progress of each program element and should be expected to report annually on progress to both the president and Congress.

OVERCOMING DISBELIEF

CATASTROPHIC TERRORISM poses an eminent threat to America's future. But the United States can fight back only if it sets the right goals. In 1940 and 1941, the U.S. government pondered what kind of forces it would need to wage a global war. The answers went so far beyond the imagination that wry smiles and shaking heads in Washington offices greeted the planning papers as they made their rounds. The Cold War saw a similar pattern of disbelief. The notion of an intelligence system founded on photographic surveillance from the upper atmosphere or outer space seemed outrageously far-fetched in 1954, when the U-2 program was born. The films and cameras alone seemed an overwhelming hurdle. A few years later the U-2s were flying; six years later satellites were in place. Similar stories could be told about the remarkable history of intercontinental missile guidance or the fast deployment of more than a half-million troops and thousands of armored vehicles to the Persian Gulf in 1991 and 1992. America can meet new challenges, but it must first imagine success. Only then can it organize itself to attain it.

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OPEC as Omen

Jahangir Amuzegar

A WARNING TO THE CASPIAN

WITH THE breakup of the Soviet Union in 1991, four new states emerged on the edges of the Caspian Sea, endowed with oil and gas reserves estimated to be worth between $2.5 trillion and $3 trillion at today's prices. The full extent of the subterranean energy resources of these countries—Azerbaijan, Kazakstan, Turkmenistan, and Uzbekistan—is still unknown, but by all accounts their mineral wealth is the largest find in three decades. Still, the nascent republics' current energy production is relatively minuscule. They are thus eagerly soliciting foreign capital and modern technology to exploit their reserves and are believed to need some $50-70 billion of foreign investment during the coming decades.

The economic boom that will inevitably follow such an enormous bonanza promises to mimic, in many respects, the plight of the members of the Organization of Petroleum Exporting Countries in the mid-1970s and after. OPEC's journey from riches to rags is powerful proof of the perils of a tempting but temporary energy boom. The Caspian states would do well to learn from their predecessors' failures.

THE NEW REPUBLICS

THERE ARE notable historical and institutional differences between the OPEC and the Caspian Sea players, but the newcomers seem to be on a path to financial and industrial development similar to that of

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their OPEC counterparts. Ritzy hotels, modern office towers, fancy Western restaurants, expensive designer boutiques, Mercedes fleets, and eye-catching villas are already mushrooming in Baku, Almaty, and Ashkhabad, just as they did in Lagos, Caracas, Tehran, and Kuwait City after the sudden oil price rise in 1974.

The Caspian beginners have much in common. Although ethnically heterogeneous, all four have Muslim majorities, albeit with varying measures of religiosity. Politically, all four countries are led by strong, autocratic ex-communists who rule with an iron hand. Without democratic and free-market fixtures like the rule of law, civil society, an independent judiciary, a free press, effective tax codes, and fiscal accountability, all four are among the least privatized and reformed economies of the former Soviet empire and thus prone to misdirection and mismanagement. From the highly personal nature of the republics' rule emanate potential political instability, vulnerability to unsavory bureaucratic scams, and protracted economic weakness. Finally, the landlocked Caspian states all lack direct access to consumer markets in Europe and the Far East. All need pipelines to transport their energy to the rest of the world. The pipelines inherited from the Soviet era are woefully inadequate to the task of carrying the potentially available supplies. But the construction of new pipelines has been fraught with deadlocks, disputes, and power plays among the United States, China, Russia, Turkey, and Iran. The region remains prone to territorial conflicts, ethnic rivalries, and civil wars.

The differences among the four are equally striking. Geographically, Kazakstan is by far the largest with 2.7 million square kilometers and Azerbaijan the smallest with only 87,000. Uzbekistan, with 23 million inhabitants, has the largest population, while Turkmenistan has the smallest, at 4.5 million. With an estimated per capita income of $1,400, Kazakstan is the richest, while Azerbaijan is the poorest with only $480. All have experienced negative annual growth and falling per capita income over the last decade. In terms of energy resources, Azerbaijan and Kazakstan have large deposits of both oil and gas; Turkmenistan and Uzbekistan are blessed with large natural gas reserves but have much less oil.

Azerbaijan's proven oil reserves are estimated at 3.5 billion to 7 billion barrels and its gas reserves at 30 trillion cubic feet. A century ago,

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Proven Oil Reserves
ESTIMATED IN BILLIONS OF BARRELS

Natural Gas Reserves
ESTIMATED IN TRILLIONS OF CUBIC FEET

	OIL	GAS
Azerbaijan	3.5-7	30
Kazakstan	8	65
Turkmenistan	1.2	102
Uzbekistan	0.6	67

its capital, Baku, was the center of an oil boom and the world's number one oil provider. After World War II, production declined, and the city was gradually left with rusted oil derricks and rigs. But recently Baku has become a modern version of America's Wild West, with all the trappings of an oil boomtown. The country now has two small oil pipelines—one through Russia, the other through Georgia to the Black Sea. While admittedly limited, the pipelines let Azerbaijan's petroleum sector export oil directly to Western markets for the first time in 65 years. The Azerbaijan International Operating Company—a major multinational, with four U.S. corporations controlling 40 percent of the total venture—has a 30-year, $8 billion contract with Baku to develop three offshore oil fields. Another contract, worth an estimated $4 billion, has been signed with a Russian-led consortium in which Iran has a small share. Of the four republics, Azerbaijan promises to be the first to export crude through new pipelines.

Kazakstan's fate is more closely tied to Russia's. Although already a relatively important energy exporter, the government in Almaty is still on Moscow's economic leash. Since its main oil fields are in the west, adjacent to the Caspian Sea, its only oil outlet is through a pipeline running to the north, across Russia. Its oil

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refineries, located farther to the east, are fed by pipelines from Siberia. Kazakstan's proven oil reserves are estimated at 8 billion barrels and its gas reserves at 65 trillion cubic feet. The country's Tengiz oil field, discovered by Moscow in 1979, is now considered the world's single-largest find in the last 20 years. Since 1992, Kazakstan has had a deal with Chevron to develop the field. Under a consortium of Chevron, Mobil, and Russia's Lukoil, a new pipeline is being built from the Tengiz field around the top of the Caspian Sea to the Russian Black Sea port of Novorossiysk. Kazakstan has also signed an agreement with China to transport oil to China's western provinces.

Turkmenistan, in contrast, has relatively small known oil deposits (about 1.2 billion barrels), but the ancient land has some 102 trillion cubic feet in gas reserves—the world's third largest, behind only Russia and Iran. Before the breakup of the Soviet Union, Turkmenistan exported its gas supplies throughout what is now the Commonwealth of Independent States via pipelines through the Russian republic. By the mid-1990s, however, Moscow had limited such transports, forcing the Turkmens to seek other routes, partly through Iran.

The final Caspian oil state, Uzbekistan, is well endowed with natural gas, estimated at nearly 67 trillion cubic feet, but its proven petroleum reserves are a paltry 600 million barrels. Gas is exported to a few other Central Asian countries and used domestically to generate power, but its use falls far short of its potential.

GREAT EXPECTATIONS

THE ENERGY-RICH Caspian republics should hope that history does not repeat itself and that their rising fortunes lead to a happier ending than OPEC's. Caspian leaders would do well to recall that with the oil price explosions of 1974 and 1979, OPEC members' spectacular wealth was seen as permanent. A steady stream of OPEC income was projected to fill the gaps in each country's national savings, foreign exchange earnings, and public budgets—the traditional constraints on the Third World desire for rapid and sustained economic growth. Accompanying OPEC's anticipated power and wealth were dire predictions regarding the industrial West's reversal of fortune, added miseries for Third World

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countries without oil, and even possible threats to the stability of the international monetary system. "With the possible exception of Croesus," J. E. Akins, an astute and respected oil expert, wrote in these pages in April 1973, "the world will never have seen anything quite like the wealth which is flowing, and will continue to flow, into the Persian Gulf." When crude prices made another explosive jump after the Iranian Revolution in 1979, another prominent oil analyst declared that "the world as we know it now will probably not be able to maintain its cohesion, nor able to provide for the economic progress of its people, against the onslaught of future oil shocks—with all that this might imply for the political stability of the West, its free institutions and its internal and external stability." OPEC's accumulated foreign exchange reserves were widely projected to exceed $600 billion by 1980 and $1.2 trillion by 1985. With the dawn of such Midas-type affluence, OPEC members expected to finance all their development and defense needs without forced savings or belt-tightening, achieve rapid economic growth and high employment without inflation, buy into Western industrial and financial giants, help other oil-starved developing countries, and lay the foundations for greater political maturity and participatory democracy.

History played a cruel joke on the soothsayers predicting OPEC's rise.

History, however, played a cruel joke on the soothsayers. A decade after the historic oil price rise of 1974, neither OPEC members nor Western industrial powers looked remotely like the pictures painted earlier. The West's political stability, economic prosperity, free institutions, and internal and external security were hardly affected. The impact of higher oil prices on Western economies was limited, short-lived, and not altogether negative since the oil crisis drew greater attention to conservation and environmental issues. OPEC, by contrast, was badly bruised. Apart from a number of traumas unrelated to oil—a revolution in Iran, two bloody and ruinous wars between Iraq and its neighbors, and coups in Nigeria, Qatar, and Venezuela—the OPEC members' own miscalculations and mismanagement ultimately brought them external payments deficits, rising budgetary shortfalls, runaway inflation, considerable

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delays and cost overruns in poorly designed projects, an enormous waste of resources, and mounting external debts.

Contrary to alarmist forecasts, OPEC never acquired the power to set oil prices. The supposed global need for OPEC oil proved highly exaggerated, and the terms of trade turned against oil exporters and in favor of Western consumers. Instead of becoming bankers to the world, six members—Algeria, Indonesia, Ecuador, Gabon, Nigeria, and Venezuela—ultimately became wards of the International Monetary Fund. Instead of amassing trillions of dollars of foreign exchange reserves, OPEC members became some of the world's largest debtors. Instead of bringing the West to its knees, OPEC members were not even capable of defending their own national interests without Western military or political support and were virtually powerless to influence the oil market itself. From 1974 to 1998, OPEC members collectively earned more than $3.5 trillion from exporting oil and gas—the largest monetary transfer in world history. Meanwhile, they amassed debts of over $400 billion, excluding grants-in-aid received by some. Where did all the money go?

The foremost overall objective among all OPEC members was creating a sustainable base for a post-oil economy. This concern over the eventual exhaustion of their oil reserves led them all to seek economic diversification. With various degrees of resolve, all members adopted national development agendas focused on reducing oil dependence, ensuring greater self-sufficiency, modernizing economic infrastructures, lowering income inequalities, helping poorer oil-less developing countries, and, not least, strengthening national security and defense. Since by law or custom the state was the titular owner of energy reserves and the sole recipient of oil revenues, oil windfalls were allocated at the leadership's discretion. All member countries engaged in national economic planning and exercised varying degrees of state intervention in the economy, to disastrous effect.

No accurate accounting of the oil windfalls has been revealed by OPEC itself. Figures published by OPEC members and international financial organizations show that the lion's share (65 to 75 percent) of the post-1974 gross domestic product (including the oil bounty) went into private and public consumption, raising national standards of living that were abysmally low in some states (Ecuador, Indonesia, and

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Nigeria) and meager in others (Algeria, Gabon, Iran, Iraq, and Venezuela). A significant portion (20 to 35 percent) of national output was earmarked for domestic investment, covering infrastructure, public services, and government projects in agriculture and industry, all under the banner of "sowing oil" to reap non-oil products. Typically, achieving self-sufficiency in food and basic staples absorbed the bulk of agricultural investments. Energy-intensive megaprojects, in turn, formed the nucleus of what the OPEC members dubbed "resource-based industrialization." The richer members of the group—the so-called capital-surplus countries of the Persian Gulf—shared some of their oil bounty with poorer developing nations outside OPEC through grants and loans and began sophisticated military buildups. In contrast, some of the poorer members (Ecuador, Gabon, Indonesia) were the recipients of foreign aid, while others (Algeria, Iran, Iraq, Nigeria, and Venezuela) supplemented their oil receipts by borrowing from abroad.

Due to the ease with which the windfalls were collected, OPEC governments viewed oil and gas revenues as costless resources that could be redistributed at will among their peoples. Much of the oil "rents" were spent on consumer price subsidies for fuel products, housing, utilities, and public services. Much was also set aside for electricity, irrigation, fertilizer, transport, and communication. A large part of the oil windfall was invested in public industrial enterprises that almost never ran a profit or faced international competition. Subsidies in the Persian Gulf countries ran as high as 10 to 20 percent of GDP in some years. OPEC paid a high price for its lack of vision.

THE WEALTH TRAP

SOME MEMBERS of OPEC did better than others. The variety of experiences reflected not only their initial level of economic development, different resource endowments, and external circumstances but also their chosen growth strategies and economic policies.

While all OPEC states invested massively in infrastructure, the relative magnitude of improvement was far from uniform. In all member countries, basic infrastructure—paved roads, railroad tracks, power-generating capacity, and electricity production—was expanded dramatically. Sewer construction and water treatment were

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given high priority, as were public housing and urban construction. In some of the richer countries, the physical landscape was transformed beyond recognition. Adult literacy rose substantially, as did school enrollment. Telephones, radios, and television sets became common. Daily calorie consumption and other health-related indicators improved markedly, albeit at different rates. In short, the OPEC members allocated a greater share of their national income to education and health than any other developing bloc.

In economic growth, however, OPEC members as a whole had perhaps the least expected—and most ironic—performance. Despite enormous and unprecedented domestic investment, the estimated average annual real growth of GDP in virtually all member economies between 1974 and 1994 was actually lower than their annual GNP growth rate between 1960 and 1973. To make matters worse, OPEC's population grew nearly 60 percent between 1974 and 1997, at an average annual rate of 2.9 percent, well exceeding the 1.8 percent for all developing countries. At the same time, the size of the workforce rose even faster. In countries such as Algeria, Libya, and post-1979 Iran, population growth was encouraged as a matter of ideology. The high-income, labor-strapped countries of the Persian Gulf adopted extremely liberal immigration policies to import foreign labor.

Rapidly rising population, combined with relatively modest GDP increases, predictably resulted in a slow increase or an actual decline in per capita real income in almost all OPEC members. Only Indonesia and Ecuador managed to buck the trend. Real per capita incomes in Iraq, Kuwait, and Venezuela during the 1990s fell to levels not seen since around 1960. Libya and Saudi Arabia also had their highest real per capita incomes in the 1960s; Algeria, Gabon, Iran, Nigeria, and the United Arab Emirates (UAE) in the 1970s; and Ecuador in the 1980s. Indonesia is the only group member whose per capita real income peaked in the 1990s.

Unemployment rates for most group members have been unavailable or unreliable for most years. The active labor force increased even faster than the population, but as a percentage, the workforce in all member states (except Qatar and the UAE, which relied on expatriate labor) was still considerably smaller than average for developing nations. Altogether, according to World Bank estimates, unemployment rates

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in the Middle East and North Africa (excluding some Persian Gulf countries) during the early 1990s were the highest in the world. Income inequality and poverty rates differed among member states, but few were immune. Poverty in all group members reflected unemployment or underdevelopment, insufficient education, and poor health conditions.

Price stability and budgetary discipline varied considerably among group members and over time. As a rule, inflation was subdued in the small Persian Gulf monarchies, which pursued relatively stable currencies and liberal trade policies. In contrast, countries with trade restrictions and multiple currency rates experienced high domestic inflation. Apart from Iraq (which suffered from hyperinflation after U.N. sanctions were imposed for its 1990 invasion of Kuwait), Ecuador, Venezuela, Nigeria, Iran, Algeria, and Libya underwent annual double-digit hikes in domestic consumer prices for almost the entire period since 1974. For all these countries, inflation also accelerated between 1985 and 1995 as compared to the period between 1974 and 1984. Almost the entire membership also incurred budget deficits year after year. Rising social welfare expenditures, bloated bureaucracies, limited tax bases, project cost overruns, and large military outlays combined to create fiscal black holes. The dependence on oil and gas income also stubbornly continued to loom large, exposing government budgets to the vagaries of the global oil market.

While OPEC as a group was once the only developing region to be a net capital exporter, its annual deficit on goods and services became one of the largest of all developing areas by the mid-1990s. Even in the Gulf emirates, where "saving abroad" was widespread, overseas assets began to plunge, particularly after the costly 1991 Gulf War. The central governments of all group members went into external debt. In 1970, foreign debt was negligible among such relatively poor members as Algeria, Indonesia, Iran, Iraq, Nigeria, and Venezuela; by the late 1980s, they had all joined the ranks of the heavily indebted.

Diversification was far and away every member's primary goal. But almost all fell short. To be sure, all members reduced the share of oil in their GDPs, but only due to sharp rises in the share of nonproductive services. The industrial sector, a key target, expanded in all countries except Nigeria and Venezuela. Across OPEC, workforces shifted toward the service sector. But diversification floundered most egregiously in

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reducing dependence on oil exports. They remain the mainstay of government finance and account for much of OPEC members' GDP. At the same time, lagging non-oil exports and continuing dependence on imports augur poorly for economic viability after the oil is gone. Diversification was held back by poor human resource bases, lack of indigenous technology, mismanagement of export proceeds, and the pursuit of foolish macroeconomic policies. The free-for-all redistribution of the proceeds of nonrenewable oil resources through subsidies was crippling. It discouraged conservation, encouraged wasteful consumption, inhibited faster growth, and polluted the environment. OPEC will pay the price for years to come.

ROLL CALL

COULD OIL wealth be a curse instead of a blessing? Might natural riches actually hinder growth? If this is not the case, why did OPEC members that rose to worldwide financial and political prominence in the mid-1970s lose their clout and credit soon thereafter? How did the anticipated affluence and stability turn into austerity, deficits, disappointment, and debt?

The usual suspect here is autocratic politics. But the OPEC experience fails to confirm this suspicion. Countries with vastly different political systems and decision-making processes all came to grief. OPEC consisted of five military or quasi-military dictatorships (Algeria, Indonesia, Iraq, Libya, and Nigeria), two totalitarian theocracies (Saudi Arabia and, after 1979, Iran), three patrimonial tribal emirates (Kuwait, Qatar, and the UAE), and three "virtual democracies" of either the French variety (Gabon) or the American (Ecuador and Venezuela). The character of governance seems to have made no difference in the outcome. Rather, a series of different factors sealed each country's fate.

Algeria, once a jewel among French colonies, stagnated. By the mid-1990s, Algeria had managed to waste an enormous chunk of its energy receipts building up a capital-intensive, expensive, and inefficient industrial structure while inexcusably neglecting its once-prosperous agricultural sector. The country faced significant environmental dangers, including water shortages, soil erosion, and

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industrial pollution. Worse, Algeria was virtually paralyzed by the lack of recognized leadership, economic drift, terrorist attacks, and general chaos.

Indonesia, initially the poorest and most populous OPEC member, was for years one of Asia's fastest-growing economies. It became the World Bank's poster boy for choosing the "right" path to development: rural reconstruction, export diversification, population control, human resource buildup, and low military expenditure. But its system of "crony capitalism" was a house of cards that collapsed at the first sign of trouble in 1998. As the national currency swiftly lost 70 percent of its exchange value, the threats of hyperinflation, uncontrollable budget deficits, and continued social unrest became increasingly real. The economy deteriorated daily, with no effective reforms in sight.

OPEC members failed to diversify, remaining dependent on oil.

Iran under the shah boasted of becoming the world's sixth-largest industrial power by 2000. But by 1998, even its new president, Hojatolislam Seyed Mohammad Khatami, described the country as "sick." With a per capita income barely matching that of 1979, Iran's economy at the threshold of the 21st century suffers from a mammoth resource gap, anemic growth, double-digit inflation and unemployment, a sinkhole of a public sector, and a bloated, inefficient, and corrupt bureaucracy.

Iraq, blessed not only with oil but also water, arable land, and a favorable climate, was the clearest candidate for becoming a prosperous Middle East behemoth. As a result of its oil mismanagement and foolhardy military adventurism, the country became a basket case. By the mid-1990s, real per capita income was hardly larger than in the 1940s. With Iraqi children dying from malnutrition, poverty on the rise, and the economy in ruins, the Iraq of 1998 is a tragic shadow of its 1974 self.

For a good part of the quarter-century since the oil boom, Kuwaiti citizens enjoyed some of the highest living standards in the world. Every walk of life was subsidized. But the "oil curse" finally caught up with them, too. In the 1990s, Kuwait still earned 90 percent of its public revenue from oil. With oil prices plunging to half their 1997

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level in the summer of 1998, painful cuts in subsidies and citizens' standard of living were inevitable. Despite the billions of dollars squandered on arms each year since the Gulf War, Kuwaitis acknowledge they still could not hold out against a second Iraqi invasion for more than a few hours.

Cradle-to-grave welfare benefits in rich Persian Gulf countries created a large contingent of pampered employees who, having grown used to guaranteed high-paying (albeit often meaningless) government jobs, were unwilling to accept demanding work in the private sector. Thus Kuwait, Qatar, Saudi Arabia, and the UAE imported Egyptian, Palestinian, Bangladeshi, and Filipino "guest workers" to do their daily chores while their own "educated" citizens were unemployed or on the dole.

Nigeria began the OPEC era as the richest and most powerful nation in Africa, with the world's 33rd-highest per capita income, abundant land, resources, and human capital. Its national currency, the naira, was worth twice as much as the U.S. dollar in the mid-1970s. But Nigeria has ended up as the world's 13th-poorest nation, with the naira worth about a cent in 1998. Nigeria suffers from unprecedented domestic fuel shortages (despite more than two million barrels of daily crude output), high inflation, crippled heavy industry, high unemployment, and massive poverty—a near total collapse of the economy and society. With a third of the population considered poor and one-tenth extremely poor, per capita private consumption in 1998 is probably no higher than in the early 1970s. On top of this all, Nigeria shares with Indonesia and Venezuela the unenviable reputation of being "the most corrupt nation" on earth, according to Transparency International.

Saudi Arabia, which over two decades invested more than $1 trillion trying to transform itself from a desert kingdom to a modern, urban, industrial nation, faced a combination of social, economic, and political challenges by the mid-1990s. With a fourth of Saudi youth virtually idle, per capita GDP in real terms less than one-third its 1980 peak, lavish welfare expenditures bringing diminishing returns, continued budget and current account deficits, and strong pressures on the Saudi riyal, the kingdom was, in King Fahd's own estimation, in "crisis." The steep decline in crude oil prices in early 1998 confronted Riyadh (and other oil-reliant Persian Gulf capitals) with the specter of an economic catastrophe.

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Venezuela once had the highest per capita income in Latin America. In the words of one keen observer, the country that fancied itself the continent's Saudi Arabia ultimately became its Nigeria. By 1994, the Venezuelan economy was a shambles: inflation, at 60 percent a year, was the highest in South America, and fully 70 percent of the population was below the poverty line. The country's credit-risk rating in the mid-1990s was Latin America's worst—at the same level as Algeria and Nigeria.

MISTAKES WERE MADE

THE ASTONISHING inability of OPEC's members to achieve their expected prosperity underscores the futility of searching for a single outside cause. When 13 disparate nations—large and small, rich and poor, under civilian and military rule—end up with uncannily similar woes, the results cannot be attributed to bad luck or coincidence. Instead, OPEC's collective experience highlights several links between the oil windfall and subsequent changes in domestic politics, public spending, and traditional mores.

First, the clearest trend among all members was for the state to assume, by necessity or design, an increasingly dominant role in the economy as oil income rose. Even in countries where the state's financial stake in the economy (that is, the ratio of public expenditure to GDP) declined or remained the same, the government conducted more social engineering and regulation. In not only those group members ideologically bent on pursuing "socialist transformation" or a "noncapitalist road" (such as Algeria, Iraq, and Libya) but also in staunchly free-market economies like Kuwait, Qatar, and Saudi Arabia, the government became the architect of far-reaching socioeconomic change. The state acquired a stronger hand in even relatively democratic countries like Ecuador, Gabon, and Venezuela. Since enhanced oil revenues accrued directly to the state treasury, political leadership—traditionally separated from the people in most member countries—also became economically and financially independent. Oil revenues put more resources at the state's disposal, making it more self-reliant, stronger, less responsive to the people's wishes, and more arbitrary. Oil income was used to

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secure political peace (if not loyalty), ensure public employment, distribute patronage, and co-opt the opposition.

Second, most OPEC members spent their new wealth at home instead of sending it abroad, which would have allowed for slower and more orderly drawdowns for domestic investment. Some, like Algeria, Iran, and Venezuela, even took advantage of their high credit rating in the 1970s to borrow in the international capital market and expand domestic capacity. This maximalist approach was based on a foolhardy belief in the magical power of money to solve all developmental problems. The spending of oil windfalls at home was, naturally, accompanied by significant waste. Planned expenditures were uncritically geared to projected oil revenues rather than what the country could absorb. Potential bottlenecks—inadequate domestic infrastructure, including port and transport capacity, communication facilities, warehouses, power supply, and building materials; a colossal shortage of managers and skilled workers; and an inefficient administrative superstructure—were ignored or woefully underestimated.

The oil exporters came down with "quick-money fever."

Third, the speed with which oil windfalls (and, in some cases, additional borrowed resources) were earmarked for domestic use preempted rational consideration of competing investment projects. Instead, a host of economically foolish but politically popular schemes was uncritically adopted and hastily launched. Inadequate planning and the absence of proper risk calculations frequently resulted in massive cost overruns and lengthy delays for industrial projects. Investments in physical infrastructure, while both necessary and useful, were again favored not because of their calculated productive worth but because they were easy to undertake with the help of foreign contractors and foreign equipment and conveyed the aura of modernity and progress. In the Persian Gulf, infrastructure projects were seen as ends in themselves. Not only did such boondoggles return nothing on their invested capital, but the non-oil sector for which they were built could not even afford their maintenance costs. In contrast, investments in education, health, and housing had to be justified as guarantors of viable post-oil development. Even in these seemingly

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rational and necessary undertakings, however, the hasty use of abundant funds resulted in the sacrifice of substance for form. Without an increase in job creation, for example, the boom in high school graduates created a spectacular rise in the size of the civil service and a vast cadre of underemployed bureaucrats.

Fourth, the windfall tended to be allocated to modern, capital-intensive, and high-cost industries related to oil or cheap energy. Having long attributed advanced countries' clout to their military-industrial power and having always tied development to industrialization, OPEC state planners figured that the only way out of poverty and backwardness was to industrialize at all costs—even where capital-to-output ratios were two to three times higher than in industrialized countries.

Fifth, the ease with which oil revenues were received offered the oil exporters an unprecedented opportunity to increase military spending, usually well beyond national security needs—a feat unimaginable without the oil windfalls. Military spending as a share of GDP in the Persian Gulf members became the highest in the world. The military buildup focused on the quantity and modernity of weapons systems at the expense of adequate training, logistics, and command and control, so even the highest military spenders—Kuwait and Saudi Arabia—were still unable to defend themselves against Iraq in 1990. Furthermore, such defense expenditures both diverted precious resources from more productive investments and necessitated ancillary outlays for infrastructure, training, equipment maintenance, spare parts, and perpetual renovation.

Finally, by far the most common and pernicious outcome of the oil bounty was the rise of a new culture—variously termed "petromania," "quick-money fever," or the "catch-as-catch-can syndrome"—in nearly all member economies, particularly among the Arab oil producers. This new "petroculture" gradually weakened the traditional work ethic; reduced incentives for risk-taking, hard work, and independent entrepreneurship; lowered public tolerance for austerity; encouraged shady deals; and raised popular expectations beyond reasonable bounds. Reliance on oil money preempted any serious efforts to mobilize domestic resources through taxation. The share of non-oil taxes in GDP fell in nearly all member countries. With the state as the sole recipient and dispenser of the oil windfalls, rent-seeking activities became not only

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financially profitable but socially smart. The highest returns on entrepreneurial talent came not from directly productive economic activities but from getting a piece of the "oil rent": a special foreign exchange allotment, a lucrative government contract, an import quota, a commission on arms purchases, or an exemption from repatriation of export proceeds.

Unlike the boom-induced and temptingly easy "petrolization" of the economy, "depetrolization" was excruciating. When oil booms turned into busts, addictions to imported food, public welfare, state subsidies, and tax-free living proved irreversible. Petroculture was much easier to embrace than to shed.

While all endured significant setbacks, some countries suffered less than others. Those that did relatively better had low population growth, high rates of investment in both human and physical capital, low government consumption (including military expenditure), minimal wage-price distortions, large domestic markets, and efficient, clean governments. Those that did worse had excessive state intervention in the economy, poorly chosen development strategies, unsustainable services and subsidies, political volatility, and excessive tolerance of rent-seeking activities, corruption, and waste.

THE MORAL OF THE STORY

To AVOID repeating OPEC's woes, the Caspian states should follow eight cardinal rules. First, check the rising dominance of the state over the economy by developing market mechanisms, including a liberal trade and exchange system, privatization, regulations on capital flows, and the speedy deregulation of prices, wages, and interest rates.

Second, allocate revenues from oil and gas exports to domestic projects, public or private, only as warranted by domestic absorptive capacity. Place part of these revenues in an oil trust fund or in foreign assets abroad for slower and more gradual drawdowns as domestic capacity expands. Similarly, do not invest excessively in the nonproductive urban construction and service sectors or in politically popular white elephants.

Third, avoid the easy but hazardous road to hasty industrialization, particularly where inadequate skilled labor, technological expertise, and management know-how cannot support sophisticated high-tech ventures.

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Fourth, resist the temptation to squander foreign exchange revenues on increased domestic consumption to placate a restless population. Avoid raising wages beyond labor productivity, cutting taxes, and increasing subsidies. Instead, encourage domestic saving by adopting tight fiscal policies and limiting subsidies to truly needy recipients in a well-planned safety net.

Fifth, coordinate fiscal, monetary, and exchange rate policies so as to strengthen the economy's supply side. Check the demand for limited goods and services and cut profligate public spending and resource waste as much as possible to prevent runaway inflation and growth-impeding currency appreciation.

Sixth, strengthen the judicial system so it can fight corruption, and create a climate that attracts foreign private investment and know-how beyond the energy sector.

Seventh, reform the financial sector to increase the independence and transparency of the central bank and the power of the banking system. Avoid sweetheart deals and "crony capitalism."

Finally, instead of wasting the revenues from exhaustible energy deposits in unending arms races with neighboring states, devote the energy bonanza to building sustainable physical infrastructure and increasing long-term productivity by investing in education, health, and the environment.

Whether the movers and shakers in the emerging, energy-rich Caspian nations learn from the OPEC members' failures, only time will tell.

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Israel after Heroism

Eliot A. Cohen

A MIDLIFE CRISIS

ISRAELIS WERE surprisingly subdued, even ambivalent, about the 50th anniversary of the Jewish state. At first glance this seems bizarre. How could the citizens of this tiny country fail to marvel at their extraordinary accomplishments—the rebirth of a state after almost two millennia of exile, their military prowess in the face of overwhelming odds, and their success in developing a high-tech economy that has brought European standards of living within a generation? For some, the answer lies in the unsettled state of the Middle East peace process, especially the stalemated negotiations with Israel's first and most problematic opponent, the Arabs of Mandatory Palestine. For others, Israeli discontent results from a fractious political system ridden with mediocre leadership and savage infighting. For still others, it simply reflects the cussedness of one of history's most stubborn (or as the Bible puts it, "stiff-necked") peoples.

There is some truth in all these views, but none satisfies. However slow Israel's accommodation with its Arab neighbors has been in coming, it is far beyond where it was 20 years ago; however nasty its political disputes, they are no more so than in earlier days; however contrarian its people's temperament, they have demonstrated a capacity for unaffected joy on occasions as varied as the declaration of the state in 1948 and the rescue of Ethiopian Jewry decades later.

No, the malaise has deeper roots. More than a century ago, the historian Frederick Turner argued that the closing of the American frontier—both the real frontier and, no less important, the myth of the frontier—marked the end of an epoch in the history of a new nation.

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Something similar is happening in Israel as it turns 50. For a century, neatly divided by Israel's birth in 1948, Zionists undertook and believed in two epic struggles: creating a defensible state for a stateless people and gathering in communities of Jews sundered by distance but united by faith and destiny. At 50—middle age for a human being, and in this case, a state, too—Israelis see these epic tasks largely accomplished and the epic dreams correspondingly faded. The country now oscillates between self-assertion and acid self-criticism. The way in which Israel completed the tasks set by Zionism in the first half of the century has bred new and perplexing challenges for the future—challenges not amenable to the energetic ingenuity that has brought Israelis so much success thus far. Israel's democracy, political culture, open door to Jewish immigrants, paternalistic elites, historical verities, unifying army—none evoke the old certainties. Israelis thus hesitated amid their rejoicing to confront existential questions of a kind unfamiliar to Americans, Frenchmen, or Chinese at any save the most momentous moments in their histories.

THE OLD MAN'S LEGACY

ISRAEL WAS created by an exceptionally determined generation of Jews, native-born and immigrant, numbering barely 600,000 in 1948. They were blessed with a world-class statesman in David Ben-Gurion, Israel's first prime minister and founding father, affectionately known during his premiership as the Old Man. Ben-Gurion's house in Tel Aviv—austerely furnished in every regard save books (some 12,000 volumes in 10 languages)—gives the measure of the man. A social democrat who scorned luxury but could make deals with capitalists, an ideologue whose pragmatism trumped his passion, a secularist whose rhetoric drew deeply on the Bible and the vast corpus of Jewish religious literature, Ben-Gurion reconciled opposites within himself and within the new state. But the state came first: *mamlakhtiyut*, loosely translatable as "statism," was his coinage and his overwhelming preoccupation. The Old Man subordinated personal antipathies and doctrinal preferences to one goal: the creation of a durable polity for the Jews of Palestine.

Embedded in *mamlakhtiyut* was the curious, pervasive Israeli schizophrenia about strengths and accomplishments, on the one hand, and weaknesses and fears, on the other. Desperately afraid of schism and

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divided authority, Ben-Gurion ordered troops from the Israel Defense Forces (IDF) to open fire in the midst of the War of Independence on a ship carrying sorely needed arms for the right-wing Irgun Tzvai Leumi militia. Anxious to create a common culture among a polyglot nation of immigrants, he devoted himself in retirement to the sponsorship of a national Bible quiz. Fearful of the new nation's ability to endure civilian losses, Ben-Gurion cultivated Israel's distinctively audacious and aggressive military style—preemptive war, and swift retaliation for terrorist raids. Worried, even at that early stage, about the split between religious and secular Jews, he accepted the establishment of religion through a publicly supported chief rabbinate. In the nerve-racking spring of 1967, retired from public life but horrified at the prospect of conducting a war without the great powers' support, he brought Yitzhak Rabin, then chief of staff of the IDF, close to a breakdown by denouncing the government's policy as likely to lead "to the destruction of the Third Temple."

Ben-Gurion's state could not create a single identity, and its economic institutions gradually proved as incompetent as any other socialist experiment. His exhortations to cultivate the qualities of *halutziyut*—pioneering, his second-favorite word—seem quaint, even embarrassing in the age of the Internet, open-air rock concerts, cable television, and smog alerts in coastal towns. His Labor Party coalition, which dominated public life for nearly 30 years, collapsed in 1977 when the Likud's Menachem Begin, his longtime nemesis, came to power. But the framework remains more or less intact: a noisy and harshly partisan parliament, a secular state's sponsorship of religious institutions' jurisdiction over private life, and a still-intrusive role in the economy.

Like Bismarck, Ben-Gurion may have created a system that only he could manage, and like Bismarck, even he could not hold power forever. His second prime-ministership, from 1955 to 1963, ended in acrimony, scandal, and rebellion by politicians long subject to his autocratic fits of temper. His successors were former subordinates or (in the case of Begin and Yitzhak Shamir, the old leaders of the rightist undergrounds) rivals of essentially the same stamp—East European Jews who emigrated to Palestine at an early age and struggled to create a Jewish state. Yitzhak Rabin, the first *sabra* (native-born) prime minister, was not of that generation, but as a senior commander (in his twenties!) during the War of Independence, he was intimately connected to it. Binyamin Netanyahu is,

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then, the first modern Israeli prime minister, a man shaped not by memories of the battle for independence but by the reality of an Israeli state.

AFTER RABIN

HAS ISRAELI political life changed much in 50 years? With respect to the shrill tone of argument, no: as Thucydides would remind us, tiny countries with small populations facing enormous threats tend to produce acrimonious politics. And Israel's politicians are rooted in a culture of vehement argument that antedates Zionism itself. (One ancient Jewish text warns against dealing with the wise: "Their sting is the scorpion's sting . . . and all their words are like coals of fire.") Israeli politics is no game for the thin-skinned. Nevertheless, parties and individuals deeply and personally at odds have formed a durable democracy whose leaders' excesses are curbed by an independent judiciary and an aggressive press.

There is, however, one great divide in the political life of Israel: the assassination of Prime Minister Yitzhak Rabin in 1995. The shock of that event overshadowed, in some measure, Israel's celebration of its 50th anniversary three years later. Rabin was not merely the country's leader but one of the pillars of its survival: a hero in the 1948 War of Independence, IDF chief of staff in the 1967 Six Day War, the man who as defense minister masterminded the withdrawal from most of Lebanon after the debacles of 1982–83 and is said to have ordered his troops to break the bones of the youthful stone-throwers of the *intifada,* and the Nobel Peace Prize–winner who presided over the opening to the Palestinians. His life spanned the full half-century of his country's existence.

Worse, Rabin's assassin, Yigal Amir, was no marginal man, no fantasist like John Wilkes Booth, no lonely oddball like Lee Harvey Oswald. He was, rather, the product of some of Israel's finest institutions: the elite Golani infantry brigade, a prestigious religious nationalist *yeshiva,* and arguably the best law school in the country. He was religious but not a member of the ultra-Orthodox extreme. The Rabin assassination inflicted a wound on the Israeli polity that will take decades to heal. It revealed, as in one horrible flash of lightning, the gap between religious and secular, between zealots for the land and those willing to sacrifice it, between those willing to take large risks for peace and those who view such gambles as trifling with survival. Above all, the murder of

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Rabin struck a blow at yet another myth—that no matter how much bickering and bitterness pervade Israeli politics, in the end these are merely words, and the nation will stand together.

That myth, like most myths, rested on a very considerable element of truth. When a series of suicide bombings this decade in the hearts of Jerusalem and Tel Aviv caused horrible carnage, secular Israelis glued to their televisions saw squads of bearded ultra-Orthodox men magically appear to collect, with reverent care, every dismembered limb, every scrap of human flesh, every drop of clotting blood for decent burial. These unpaid volunteers, responding within minutes to pagers summoning them, were of the same ilk as those who throw rocks at cars driving on the Sabbath. Indeed, in some cases they were the same people. For a few moments, these grisly acts of mercy suspended the ferocity of disagreements about state subventions to seminaries, draft exemptions, and Saturday road closures.

The assassination of Yitzhak Rabin is the great divide of Israeli political life.

Israel's success in thwarting the very real threat to its existence in its first decades requires little retelling. In a series of wars—some short, some long, some marked by desperate clashes of tens of thousands of soldiers, some by ambushes and raids by mere squads—Israel managed to convince its enemies that it could not be defeated by conventional means, that prolonged insurgency or guerrilla struggle would not bring it down, and that even unconventional threats would only elicit cunning and violent preemption or the most terrible retaliation. A cardinal assumption of Israeli statecraft—universal and implacable hostility on the part of its immediate neighbors—was never entirely accurate (Jordan, in particular, often found itself in clandestine alliance with the Jewish state). But by the 1990s, it had become completely irrelevant. An Israel at formal peace with Jordan and Egypt, in negotiations with Palestinians who a few years before would never have considered sitting down with representatives of the Zionist entity, and with a foreign service stretched to maintain legations in all the countries eager for ties is not the embattled Israel of old.

Although a state of perpetual siege had its terrors, it had its simplifying comforts as well. It relieved Israel of the need for a complex statecraft toward the Arab world. Instead, Ben-Gurion and his successors

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attempted to leapfrog that world by forming clandestine relationships with more peripheral countries such as Iran, Turkey, and Ethiopia. The siege helped ensure solidarity within a diverse population, sympathy from without, and support from Diaspora Jewry. Above all, it relieved Israel of the need to wrestle with the original and most durable conflict of all: the contest with the Arabs of Palestine for a small plot of land to which both peoples had a powerful claim.

"Israel may not be at peace," remarks Reuven Gal, a sturdy former paratrooper and onetime chief psychologist of the IDF, "but Israelis have decided that they are at peace." When they voted in 1996 for the Likud's Netanyahu, they did not, as some outsiders feared, vote to end the peace process but merely to slow it down and get a better deal than they expected from Shimon Peres' dreams of a new Middle East that seemed to resemble the Benelux more than it did the Levant. Netanyahu himself has, without fanfare, given up his party's ideology, which once stood foursquare against relinquishing territory to the Palestinians. The quarrels within Israel and between Netanyahu and the Clinton administration are really over percentages, pace, and details. A Likud government will probably witness the birth of a Palestinian state—and will accept it because most Israelis will wish it to do so.

Israel will have to forge a new and more subtle statecraft. If it fights more wars (and it well may, for it still has real enemies), it must fight them in a political world that has known formal peace and to which peace may return. The derring-do of the IDF's bold raids and the Mossad's clever covert operations often failed, but Israel rarely paid for them; now, it is different. And no longer can Israel's internal problems be subordinated to what Israelis still call *"ha'matzav"*—"The Situation"—the daily and enduring security threat. It endures in the form of Hizballah ambushes, Hamas bus bombs, Palestinian Authority guerrilla warfare, or Iranian or Iraqi missiles armed with weapons of mass destruction. But serious as each of these are, they no longer loom over Israel in quite the same way security threats did for the last 70 years of Jewish settlement. Israelis increasingly believe that internal questions must finally come to the fore, and those questions are the more perplexing because of the ferment of Israeli society.

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JERUSALEM OF GOLDEN ARCHES

BEN-GURION'S STATE serves a society that cannot rest. Physical changes, dramatic as they are, merely reflect far deeper social and political shifts. "Haifa works, Tel Aviv dances, Jerusalem dreams"—so, at least, went the saying more than 30 years ago, and it was to dreaming Jerusalem that curious tourists would go. Crowning the arid hills of Judea, surrounded by newly planted pine forests, clad in the pinkish stone facing the British authorities had mandated in the 1920s, Jerusalem then was not entirely of this world. On Friday night the Jewish section of the city fell dead silent, and only the hotels and one or two restaurants there were open on the Sabbath; the soft drink of choice was a fizzy lemon beverage called Tempo, and the walk from the YMCA near the King David Hotel to Jaffa Gate passed through the remnants of the no man's land that had divided the city for some 20 years.

One can still find some of this Jerusalem today: the quiet neighborhood of Talpiot where the Nobel Prize–winning author S. Y. Agnon lived; some neighborhoods of the Old City; and when the weather and time of day is right, the German Colony, Baka, and other corners of a city once wrapped in reverie and prayer. But so much has changed. The winding road from the coastal plain to the hills has become a jammed multilane highway. Sprawling apartment complexes creep inexorably down the wadis, swallowing orchards and empty space. The noise of traffic and the buzz of restaurant-goers incite the ire of a vastly increased population of ultra-Orthodox Jews, whose spreading communities have caused many of their secular neighbors to flee to the coast. And atop a hill in the beautiful suburb of Mevasseret Zion—"the herald of Zion," a phrase from Isaiah—rise the golden arches of a McDonald's in one of the city's sparkling new shopping malls.

The dominant impression of the traveler to Israel today is traffic jams, particularly along the coast. One of the more contentious recent public projects is a proposed trans-Israel highway that will (according to environmentalists) affect, directly or indirectly, some 10 percent of Israel's land area. Improved highways relieve the congestion somewhat, but Israel's cities reflect a more austere time when automobiles were few and buses the main mode of transportation. There are now

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10 times as many automobiles per kilometer of road as in 1960 and almost 50 times as many cars in Israel.

The Israeli love affair with the car reflects many of the changes that have swept the country since 1967—most notably, prosperity. With a per capita income of $17,000, Israel is better off than Spain, Greece, and Portugal. But the car also reflects the restless mobility of a ceaselessly churning society. Israelis travel abroad at phenomenal rates (about 2.5 million per year) and boast the fourth-highest level of per capita cellular phone ownership in the world.

The main secular trend in Israeli society is Americanization.

The main secular trend that Israeli society has manifested in its 50 years has been Americanization. That Israel is the most pro-American country in the Middle East goes without saying; it has, after all, benefited from American friendship and largesse and fought its battles with American weapons. But the Americanization of Israel goes far deeper. English is so much Israel's second language that one can live quite comfortably without knowing a word of Hebrew. American fashions fill the stores, American academic fads sweep university departments, and one of the most powerful arguments for direct election of the prime minister (an innovation introduced in 1996) was that it would give rise to American-style political decorum and stability (which, of course, it did not). But when Netanyahu gave a gracious victory speech after ousting Peres in 1996, commentators noted proudly that he had spoken just the way a successful American pol would have.

It was not always thus. The Israel of 1948 rested on a hard core of central and East European Zionists, who, in either their socialist or petit bourgeois groupings, looked to Europe for their political and social ideals. The United States was important to Zionism as a source of support but not as an ideal. Indeed, its very existence undercut the central tenet of secular Zionism—that Jews would never find safety and acceptance in a gentile world. To this day, odd as it may seem, the United States poses the greatest puzzle for students of the Jewish question.

To some degree, Israel's fascination with America mirrors the general extension of American culture throughout the world. But it also reflects the natural intertwining of two very different societies—one tiny, one vast—in which Jews can without mental tricks or self-deception feel

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comfortably at home. For decades, the American Jewish community was the richer and more populous of the two. In a few years, it will become the smaller, and it is already the more obviously culturally embattled, melting away in the embrace of a hospitable gentile society. But this will have little or no effect on the relentless Americanization of Israel, which, while welcome in some respects—more civility, attention to legal norms, and concern about problems such as the environment—will contribute to a burgeoning identity crisis. To a degree unthinkable for Israel's founding generation, their country has already become dependent on the United States for matters as diverse and vital as defense and finance. And it has done so, by and large, cheerfully and wholeheartedly.

THE RUSSIANS ARE COMING

BEFORE AMERICANIZATION, the most powerful force molding Israeli life was the waves of Jewish immigration, or *aliyah* ("going up"), to the land of Israel. Four tides from Russia and Eastern Europe between 1881 and 1928 brought the Jewish population in Palestine to some 150,000; a fifth wave (largely German) added a further 250,000 by World War II, with a sharply reduced flow during the war and immediately thereafter. Within three years of the creation of the new state, more than 660,000 Jews arrived from Europe and the Arab world. Some 160,000 Jews left the Soviet Union in the 1970s, and another 700,000 departed as and after the U.S.S.R. collapsed.

Aliyah was Israel's lifeblood. With some 4.6 million Jewish citizens by the mid-1990s, Israel was infinitely more durable than with barely an eighth that number 50 years before. But *aliyah* has also had a deep psychological meaning. Even as the country steeled itself for a rain of missiles from Iraq on the eve of the 1991 Gulf War, a thin but steady stream of shabbily dressed Soviet Jews arrived at Tel Aviv's Ben-Gurion Airport while the tourists fled. Since before the state's creation, the Israeli secret services have devoted much of their energy to rescuing dispersed Jewish populations; in that tradition, Israel scooped up the ancient and imperiled Ethiopian Jewish community in the early 1990s and more recently extracted the imperiled Jews of Sarajevo from the Yugoslav war. The multicolored hue of Israeli faces—pink-skinned Russians, swarthy Moroccans, and slender, high-cheekboned Ethiopians—testify to the

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waves of humanity that have swept into Israel, often airlifted, echoing the Book of Exodus' promise of redemption "on the wings of eagles."

Although a small Jewish population persisted in Palestine throughout the centuries, and although the Jewish Israeli birthrate is high by Western standards, only immigration could create the mass needed to sustain statehood. Each *aliyah* brought short-term social stress and financial hardship but soon provided a burst of economic growth and political vitality. Two waves of immigration—the German *aliyah* of the 1930s and the flood from the former Soviet Union in the 1990s—inundated the country with young, well-educated new citizens who in short order enriched the country's cultural life while building industries as diverse as power plants, textile mills, and computer software firms.

Aliyah has had its ironies as well. Few immigrants came to Israel purely out of ideology (the substantial numbers of Anglophones being a major exception). Most fled persecution or sought opportunities denied them at home. The latest wave of *aliyah*, however, poses an unprecedented challenge. The Russians are ubiquitous, from high-tech companies to the astoundingly good street musicians scraping violins for spare change. But unlike their predecessors, many of them are not Jews. A quarter of the Russians may not be truly eligible under Israel's Law of Return, which guarantees Israeli citizenship to Jews' spouses, children, grandchildren, and grandchildrens' spouses. Under the more rigorous standards of Jewish religious law, or *halakha*, 40 percent or more are in fact gentile.

Israel is today sufficiently wealthy and attractive that many non-Jews would happily move there (including many Arabs, let alone Israel's growing cohort of Thai, Filipino, Romanian, and Nigerian "guest workers"). But will it remain a Jewish state? The question may seem absurd: the rhythm of Israel's year is set by the Jewish holy days, and Arab waiters wish Jewish customers a peaceful Sabbath on Friday afternoons without a moment's thought. But if a young soldier falls in Lebanon and cannot be buried in a Jewish cemetery because *halakha* says he is a gentile, which identity is to dominate?

The Russian *aliyah* thus could exacerbate the divide between religious and secular Jews (and indeed, the substantial population of non-Jews) in Israel. Perhaps ten percent of Jewish Israelis are ultra-Orthodox Jews who almost invariably do not serve in the military, regard the state's institutions with the antagonism of nineteenth-century shtetl Jews for

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czarist rule, yet wield disproportionate political power through their small, cohesive parties. They have tremendous clout in Jerusalem, where 30 percent of the Jewish population is ultra-Orthodox. The religious establishment's control over matters of personal status—above all, marriage—would be manageable, if irksome, were it not for ultra-Orthodox exploitation of the state, particularly milking it to support religious seminaries and build housing. At the same time, Israel's modern-Orthodox religious establishment (Orthodox men who embrace the state of Israel are distinguished by their colorful knitted *kipot* or skullcaps, as opposed to the black velvet *kipot* or incongruous 1940s-style black fedoras of the anti-Zionist ultra-Orthodox) despairs over mainstream Israeli society's secularization. Disturbed by the prospect of giving the lands won in 1967 to the Arabs, dismayed at supposedly dwindling patriotic spirit, embattled since Rabin's assassination by one of their number, the modern Orthodox wonder whether Israel will become a land filled with "gentiles speaking Hebrew"—these last the words of a top aide to the defense minister whose careless remark cost him the chance to become head of military intelligence.

Having had their fill of government control and orthodoxies of all kinds, the secular pragmatists of the Russian *aliyah* will not back a religious establishment that rejects them. As they find their voice—both in their own party, Yisrael B'aliyah, and others—they will increasingly defy a chief rabbinate widely seen as frustratingly intrusive. While, like most Israelis, the Russians will probably adhere to many basic Jewish customs (lighting candles on Friday night, for example), they lack the knowledge of Jewish law, lore, and customs that shaped even their militantly secular predecessors of 80 years ago.

The Russian *aliyah* probably represents the last great wave of immigration to come to Israel. The other major Jewish communities, in the Americas and Europe, feel generally at home and are unlikely to start over in Israel. Small numbers of committed Zionists will always go up to the land of their ancestors, but the mass movements have ended. The Jewish state, which began with barely 600,000 souls, now has a population of 4.6 million Jews and over a million Arabs, living side by side with a population of around 2 million Palestinians in the sliver of land between the Jordan River and the Mediterranean. Demography is a powerful force in the contest for control of the land, but to an extent that might amaze

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even the most visionary Zionist leaders a century ago, Israel has enough people to create a solid, wealthy, and even overcrowded state.

THE GUARDIAN OF ISRAEL

LAST SPRING, Defense Minister Yitzhak Mordechai, a dour, recently retired general who brought tens of thousands of sorely needed Sephardic voters to Netanyahu in the last election, passed over the favored candidate to be IDF chief of staff in favor of a more obscure general. Matan Vilna'i, the army's favorite, comes from Israel's elite: a child of Jerusalem, the son of Israel's foremost geographer and folklorist, a paratroop general and former vice chief of staff. His competitor, Shaul Mofaz, had switched jobs four times in the past four years and was, in the words of Israel's foremost defense journalist, Ze'ev Schiff, "unknown to us." But Mofaz was, like Mordechai, descended from Jews from the east, in this case, Iran.

Mordechai's surprising move almost certainly stemmed from personal enmities. A longtime rival of Vilna'i, he had consistently been passed over for plum commands in favor of the tall paratrooper. But his move also demonstrated the shift of elites within Israeli society: two old guards—the austere social democratic founders and their native-born "aristocratic" children, the Ben-Gurions and the Rabins—had now been displaced. There is, however, no identifiable elite waiting in the wings. Israeli politics, always loud and noisy, is now a cacophony of different groups, none of which dominates Israeli politics. The creation of Yisrael B'aliyah, headed by the KGB's erstwhile prisoner, Natan Sharansky, was but one sign that the new Israelis would not patiently bear the paternal rule of the old elites. The Sephardim—Jews from Arab lands, now the majority—have also claimed their share of power. Although Israel remains dominated by the two major political groupings that emerged at independence, the social democrats of Labor and the bourgeois Revisionists of the Likud, new parties now exercise influence. A Sephardic religious party, Shas, broke the hold of the European religious elites, taking a moderate line on foreign policy while winning largesse for its charities and seminaries. And some of the new players do not even endorse Zionism's fundamental principles. Recently, a proposal to draft all young men for service in the IDF was sunk by united opposition from parties representing the ultra-Orthodox and Israel's Arab population.

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In fact, the army did not want those unwilling draftees. A half-century ago, Ben-Gurion exempted from service the few hundred surviving students of the great seminaries or *yeshivot* of Europe; that waiver now covers thousands of ultra-Orthodox—perhaps as many as seven percent of the eligible draft cohort. The IDF has enough headaches without these zealots.

In its heyday, the IDF—egalitarian yet efficient, a powerful tool to socialize new immigrants yet an effective shield to the state, professional and technologically sophisticated yet seemingly led by Cincinnatus-like farmer-generals—combined all that was best about Israeli society. Today, however, military service is no longer a vital ticket to public life. Over a quarter of the Knesset, Israel's parliament, never served in the IDF. Aviv Gefen, the wildly popular rock star Yitzhak Rabin listened to the night of his assassination, is a rouged and eye shadow–wearing creature of the 1990s, innocent of military experience. This may be just as well. The IDF, still using an outmoded draft system, is drowning in manpower and seeks to exempt, defer, or discharge early a quarter or more of the available population. The internal crisis of the IDF is even worse. Its officer corps is less educated than the new business and political elites, its glory days of smashing victories have been replaced by a deadly game of ambush in southern Lebanon and wary urban policing in the occupied territories, and its prestige has been diminished by the lure of software startups and luxury flats along the coast. Some of the generals feel themselves under siege. In a wrenching outburst of emotion on the anniversary of Rabin's murder, the then chief of staff, Amnon Lipkin-Shahak, mourned not only the fallen leader but the diminished standing of the IDF.

Even so, the country's best and brightest still compete in astounding numbers to enter elite units. The paratroops have four applicants for every slot, and there are even expensive yearlong prep schools to increase a youngster's chances. Military service remains, for the overwhelming majority of young men and many young women, not merely a rite of passage but an affirmation of citizenship. Equipped by years of American generosity and the fruits of Israel's own military-industrial cleverness, the IDF has an edge in technical and human quality over every state in the region. But the IDF finds itself buffeted by change. It too sees new elites rising. In the place of the *kibbutzniks* who once dominated the officer corps are ever-increasing numbers of modern

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Orthodox officers, including religious generals. Militant old secularists fear the Orthodox may prove unreliable should the IDF ever have to evict settlers on the West Bank—although thus far these men have proven themselves soldiers first and ideologues second, if at all.

Subtler changes have occurred as well. Where reserve duty, a cardinal feature of an Israeli man's life, was once a curiously welcome hardship—a break from daily routine as well as a patriotic duty—it has increasingly become a burden to be avoided whenever possible. According to one estimate, barely a third of those eligible actually perform regular reserve duty. The army has cut the number of reserve duty days in half and is contemplating further reductions. Some Israeli military thinkers even suggest a new and different manpower system. In the Israel of the future, national service of some kind might be the rule, with only those who choose to do so entering the military and even then only for brief stints.

Change in the military strikes at the heart of Israel's identity.

In defending taking time from training to rehearse precision drills for a 50th anniversary parade, the commander of Israel's paratroopers remarked that on such an occasion one would not want these elite troops to look like a militia. Such a remark would have seemed bizarre 30 years ago. The IDF was a militia (albeit an exceptionally well trained one) and proud of it: in no other way could it have matched the Arab armies. But the traditional militia concept, in which citizens are soldiers on leave 11 months a year, cannot address Israel's new security challenges. The threat of ballistic missiles carrying weapons of mass destruction and the deadly cat-and-mouse operations in southern Lebanon can only be met by professionals. In operations closer to home—displacing settlers after an accommodation with the Palestinians or reoccupying West Bank cities if the peace process collapses—reservists may prove unreliable. Increasingly, the face of the IDF will be that of conscripts and professional officers. Inevitably, the army's unique relationship with its society will change as well.

As the military and society become separate worlds, Israel will have to develop patterns of civil-military relations more in line with other democracies. Generals sometimes feel free to make politically charged observations while in uniform. The swift transition from high military

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rank to political office has made many in the Knesset uneasy. The conspicuous wooing by the major parties of retiring generals days after they doff their uniforms is unseemly at best. At worst, it risks politicizing the upper echelons of a military necessarily engaged in politically sensitive operations. Israel has no establishment like the National Security Council to counterbalance the general staff, and its intelligence community relies more on military intelligence than do most Western societies. The military is increasingly transparent to a press that stopped many years ago regarding itself simply as an extension of the IDF Spokesman's Office, but the Knesset's oversight role is generally private and discreet.

The impending if slow-moving transformation of the IDF is but one of the transitions affecting Israeli society. The emerging Kulturkampf between secular and religious and the privatization of much of the economy are merely two more. But to a degree inconceivable in any other society, the change in the military strikes at the heart of Israel's identity. The essential guarantor not merely of security but of survival, the most powerful tool of acculturation and symbol of national unity, the IDF has long been the first concern of Israel's leaders. As with so much else, its first 50 years reflect the indelible imprint of Ben-Gurion. Its transformation will be one manifestation of Israel's coming to terms with the legacy of the short, stubborn, white-haired Old Man and the simpler beliefs of the heroic days of Zionism.

WHO IS A JEW?

ISRAEL AT 50 is wrestling with its myths. A band of so-called "new historians" has challenged the consensus history of Israel's struggle with the Arabs of Palestine in the 1940s and the Arab states thereafter. Some of these farouche intellectuals recast the pre-1948 Jewish community in light of the powerful state that is all they have known, exaggerating Israel's prospects for peace during and after independence. Indeed, some of the new historians seem to doubt Israel's very legitimacy. Others, more soberly, have rediscovered the Palestinian tragedy and worked to incorporate it into Israel's historical self-understanding. Still others simply recount the blunders, incompetence, and occasional cowardice that characterize all national histories. The response to the new historians by more mainstream scholars will eventually produce a

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complex and ambivalent historical synthesis—not uncommon for other nations, but bereft of the old heroic simplicity.

The pioneering myth is similarly frayed. Israel can no longer view itself as a poor but struggling country, rebuilding a nation from an oppressed minority scattered around the world. Tel Aviv suburbs like Savyon could almost be Palm Beach. Israeli teenagers in the ubiquitous shopping malls could be mistaken for their American counterparts. Even Ramat Rachel, a *kibbutz* whose poorly armed members halted the Egyptian army only a few miles south of Jerusalem in 1948, is uprooting its orchards for commuters' condominiums.

Israelis are acutely aware of these changes, of course, but they have not yet figured out how to react. Generals talk gloomily of declining motivation, politicians admit privately that maybe the time has come to wean Israel from U.S. economic aid (an absurdity in a country whose per capita GNP is greater than that of all but 21 other countries), and journalists write gleefully or mournfully of the rise of post-Zionism. But in many areas the reflexes remain the same: a system of military service increasingly at odds with society's endurance or security's dictates, rhetoric about need, aggressive lobbying of Congress and foreign Jewish philanthropists, and a political culture that oddly combines hero worship with extreme factionalism.

There was, deservedly, some quiet satisfaction at what Israel has accomplished in 50 years. Its very successes, however, have given birth to challenges neither heroic nor straightforward. The country's air, water, and land are imperiled by overuse and pollution. Its physical infrastructure is inadequate. Israel's deepest peril, however, is intangible and urgent: nothing less than a reformulation of what statesmen in bygone days called "the Jewish Question."

Political Zionism had many variants, but its dominant strain was secular and often antireligious. The founder of modern Zionism, Theodor Herzl, was an assimilated, nonobservant Jew who, like his followers, focused on the daunting problem of getting access to Palestine, bringing Jews there, and building a society, an economy, and a defensible state. They worried far less about the most critical component of that polity: Jews as such. Who were the Jews? It did not seem a problem. Bring Jews to Palestine, teach them Hebrew, remind them of the value of manual labor, have them redeem the homeland

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not by divine intervention but by sweat and blood, and—like Hungarians or Englishmen—they would know who they were.

Ironically, nothing is so daunting for Israel at 50 as its identity as a Jewish state. Attend a formal military ceremony, for example, and the one element missing—one usually found in the secular United States—is a religious invocation. An American rabbi serving as a chaplain could, with no discomfort to those present, open a military ceremony in the United States, but an Israeli rabbi doing so in the IDF would spark controversy. "Gentiles speaking Hebrew," "Judeo-Nazis," "ayatollahs wearing *kipot*"—these epithets, all hurled in recent years, bespeak the antagonisms tearing Israel asunder. The acrimony reflects less a native intemperance than the genuine perplexities of an identity that Israelis variously consider national, ethnic, religious, or fictitious.

Whatever material successes they have had, Israelis can never achieve what so many of them crave—the benign normalcy that now characterizes Western societies and the United States above all. Small wonder that hundreds of thousands have emigrated over the years, most to the United States, which remains a mythic land of opportunity and forgetfulness to those who find the cramped confines of Israel and the tormented destiny of the Jews an intolerable burden. To the extent that the Zionist project craved normalcy as its consummation, it has failed utterly. There is no way it could have succeeded.

The success of Israel—and the catastrophe of the Holocaust, in a quite different way—has understandably overshadowed the miracle of Jewish survival and creativity over the centuries of the Jews' dispersion. Many Israelis have dismissed or even despised that experience. Ironically, however, they find themselves increasingly forced to wrestle with the questions that agitated the Jews in their wanderings: who are we, and what is our mission? More than for any other state, a spiritual question lies at the heart of Israel's self-definition and, indeed, its very existence. In attempting to flee Jewish history, Zionism has been forced to confront it head-on—for if Israel ceased to be a Jewish state, it would cease to exist. Few prosperous peoples, in this age of superficial entertainments and instant gratification, confront such ultimate questions. As one that does, the Israelis have every reason to celebrate their 50th anniversary with joy leavened by what their ancestors would have recognized as a vaguely religious dread.

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Reviews

BLACK STAR

George Bush with Brent Scowcroft on the White House lawn, 1991

A cautious professional with a great gift for friendship, Bush managed military triumph and a changing world.

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Review Essay

The Prudence Thing

George Bush's Class Act

Michael Howard

A World Transformed. BY GEORGE BUSH AND BRENT SCOWCROFT. New York: Alfred A. Knopf, 1998, 576 pp. $30.00.

No one is under oath when writing their memoirs, but this joint account by former President George Bush and his national security adviser, Brent Scowcroft, has better credentials than most. They not only had privileged access to official documentation, as well as their own sources, but also were generously helped by former staffers like Richard Haass, Condoleezza Rice, and Philip Zelikow. Furthermore, the two authors separate their observations, which take the form of individual comments on a central narrative. This structure gives the work a freshness that makes it readable as well as authoritative. In short, it is a good buy, both for scholars and the general public.

That said, the book contains few surprises. The three years it covers, from January 1989 to December 1991, were among the most momentous of the century, including as they did the liberation of Eastern Europe, the Tiananmen Square massacre, the unification of Germany, the Gulf War, and the disintegration of the Soviet Union. They have already been microscopically examined by scholars, journalists, and memoir writers. But the view from the Oval Office is unique, even if the events are already familiar. In particular, the book tells us nothing that we did not know about President Bush himself. Both in background and personality, he was well fitted for the task of navigating the rapids through which the United States and the world passed during those three stupendous years. He was a thorough professional, having spent the best part of two decades in high

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office in Washington. He knew how government worked and how the world worked. As vice president he had come to know most of the world's leaders—usually at the funerals of their predecessors—and was on friendly terms with many of them. Unlike some of his own predecessors, he was not dependent on policy experts he did not trust or cronies trusted by nobody else. As a man born to the senatorial (if not the presidential) purple, he accepted power easily and carried it graciously. He assembled a team as professional as himself, among whom Brent Scowcroft was preeminent.

A GENIUS FOR FRIENDSHIP

Scowcroft had also been a Washington insider for 20 years and understood both the importance and the limitations of his role. Hard-working, strong-minded, yet self-effacing, he knew that his task was not to make policy à la Kissinger (whose offers of help he politely rejected), but to create harmony among the able people who constituted the presidential team and present the president with practicable choices of action. His relationship with the president was like that between a general and his chief of staff. Like all such successful relationships, it deepened into close friendship.

Indeed, friendship was the clue to Bush's success, and he had a genius for it. It went far deeper than the backslapping camaraderie with which some Americans try to establish relationships with foreigners, which is usually deeply resented. Clearly, Bush not only liked but understood people, including those of different cultures. That made them tend to like him. He was, admittedly, lucky in the leaders with whom he had to deal. German Chancellor Helmut Kohl shared Bush's informal tastes and anyhow knew the importance of keeping the United States on his side during the delicate process of German reunification. Margaret Thatcher never concealed her suspicion of Bush's tendency, as she saw it, "to go wobbly," but her determination to preserve the "special relationship" between Britain and the United States kept her in line. François Mitterrand was another matter altogether: Had Bush not charmed the French president during an informal weekend in Kennebunkport, the persistent efforts of the Quai d'Orsay to rock the boat might have caused a great deal more trouble.

But most important of all was the friendship with Mikhail Gorbachev. It was not just that Bush, like Thatcher, found it easy to do business with him. From the very beginning, he admits, "I liked him." Under other circumstances, Bush would no doubt have kept these feelings under close control, but in solving the problems that lay before them, a relationship of close confidence could do nothing but good. Scowcroft was professionally more cautious. It took him some time, as it took many other Americans, to realize that Gorbachev was "for real." He feared that Gorbachev was launching a dangerously successful charm offensive to disarm the West, and warned Bush accordingly. As the year wore on, however, it became clear that Gorbachev's concessions over arms control and Eastern Europe were not only sincerely meant but bitterly opposed within his own entourage. The support of Gorbachev against his internal enemies became a firm plank of Western policy.

Nonetheless, even Bush was determined that Gorbachev should not be allowed to

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shape the future unilaterally with his dramatic concessions. Bush was initially criticized for his apparent lack of ideas, and he disarmingly confessed that he was not good at "the vision thing." During the first six months of his presidency, however, he badgered his staff to produce ideas that would enable him to preserve the initiative. But by the summer of 1989, events in Europe were moving so fast that "the vision thing" became largely irrelevant. All the United States could do, in Bush's words, was encourage, guide, and manage change. This required seat-of-the-pants planning, not a Wilsonian vision of a new world order.

SWALLOWING TOADS

The fundamental question was how to keep the Soviet Union on board—first while the people of central and Eastern Europe struggled to free themselves from communism, then while Germany pursued reunification, and finally to ensure that a united Germany remained within NATO. This task involved convincing the Soviet leadership to swallow a prolonged meal of toads, and only the most assiduous personal diplomacy could have persuaded even Gorbachev to do so. The determination to do nothing to humiliate the Soviet Union was fundamental to Bush's policy, and it is clear that this was based not only on prudent recollections of what happened in a humiliated Germany after World War I but on Bush's own gentlemanly inclinations. He stifled all manifestations of triumphalism after the fall of the Berlin Wall. Bush also made it clear to Gorbachev that he understood Moscow's dilemma when the Baltic states demanded their independence. He encouraged the states of Eastern Europe not so much to distance themselves from the Soviet Union as to liberalize their own political and economic systems. The achievement of Bush during this delicate period of transition was not that he did the right things but that he avoided doing the wrong ones.

The problems presented by the reunification of Germany were more complex, if less dramatic. Here, whether the Americans liked it or not, the initiative lay largely with Kohl. Had there been less confidence between Kohl and Bush, the entire alliance might have fallen apart. Doubts about the wisdom of unifying Germany were widespread among all the allies, not least the United States, but Bush himself did not share them. As he put it, he was "comfortable" with the prospect and therefore prepared to back Kohl in a policy that was not entirely welcome even to all the chancellor's fellow citizens in the Federal Republic. As it was, toads had to be swallowed not only by the Soviet Union, but also by close U.S. allies like Britain and France. Thatcher did not conceal how much she disliked the taste, but having made her protest, she fell in line. So did Mitterrand, whose "special relationship" with Germany was as important to France as that with the United States was for Britain. A final problem was how to reshape NATO so as to convince the Soviets that the West no longer presented a threat, thereby easing their withdrawal from Eastern Europe. Again, Thatcher protested but acquiesced, while the French were able to say that, since they did not belong to the military structure of NATO, it had nothing to do with them. Scowcroft reflects that in these negotiations Britain and France might have been

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handled more tactfully, but it probably would not have made much difference to the outcome. Although neither liked taking a back seat, the reality is that the key players were Kohl, Gorbachev, and Bush. So long as they agreed, nothing else mattered.

NO WOBBLES HERE

The Treaty on the Final Settlement with Respect to Germany was signed in Moscow on September 12, 1990. Six weeks earlier, Saddam Hussein had invaded Kuwait, and the White House was already busy dealing with that crisis. Presidential diplomacy was at even more of a premium here. Bush was careful to touch base, as he put it, not only with President Husni Mubarak of Egypt, King Hussein of Jordan, King Fahd of Saudi Arabia, and President Turgut Özal of Turkey, but also with the rulers of the smaller Arab emirates, and most important of all, with Gorbachev. It was Gorbachev's promise of cooperation in the Persian Gulf that led Bush to express premature hopes for a new world order in which the superpowers would collaborate in preserving world peace. Although initially cautious about the use of force, Bush was always sufficiently determined about the need for firm action to require no lecturing from Thatcher about being "wobbly." When on August 5 he declared, "This will not stand, this aggression against Kuwait," he meant what he said. But it was not until the end of September that reports of atrocities in Kuwait convinced him that the defeat of Saddam was a moral as well as a prudential imperative and that his task was to mobilize the forces of the United Nations—not just to preserve the rule of law but for a crusade against evil.

At that point his own compass was set, but his real troubles were just beginning. As it became increasingly clear that economic sanctions were not working, the use of military force became unavoidable. Bush's domestic critics, who had accused him of indecision, now complained about a policy that they feared would lead to another Vietnam and enormous casualties. Even the hard-won U.N. Security Council resolution of November 29, authorizing its members to "use all necessary means" to restore peace and security, had so little effect on a deeply divided U.S. public that the Senate vote to authorize the use of force passed by only three voices. Meanwhile, many of the allies were wavering, sending emissaries to Baghdad in a vain attempt to extract concessions that would redound to their own political advantage. It needed all of Bush's strength and self-confidence to hold the course and go through with the conflict that he knew to be necessary and believed—in the teeth of much expert military opinion—would be brief. The only way of managing this crisis, he saw, was by fighting a successful war.

TRIUMPH WITHOUT VICTORY

Yet here again Bush was modest in his objectives. He knew that there was little point in dictating peace to Baghdad, hounding Saddam into exile, or martyring him by execution and thereby assuming responsibility for governing a resentful Iraq—even if his Arab allies would have tolerated it, which they emphatically would not. If the Iraqi people and their Arab neighbors could not deal with Saddam themselves, it was no responsibility of the United States. Prudence, rather than gentlemanly restraint, dictated Bush's actions. It may have left unfinished political

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business, but it also left an unblemished military triumph. The role of the United States as the world's leader had, as Bush intended, been reaffirmed. "We could now," as even the cautious Scowcroft expressed it, "consider the possibility of a new world order, one based on U.S.-Soviet cooperation against unprovoked aggression."

Alas for the vanity of human wishes. Even as the Gulf War was being fought, it was clear that the basis of Gorbachev's domestic support was precarious. The last section of the book traces the reaction in the White House to its erosion and to the erosion of the Soviet Union. Bush did not, of course, allow his deep friendship with Gorbachev to interfere with his duty of establishing as close relations as possible with his successor, Boris Yeltsin. But the dissolution of the Soviet Union and the descent of its successor states into chaos eliminated Moscow as a serious partner for the United States. Bush's own successor, Bill Clinton, was to have a different order of priorities and confront even more complex international problems. In retrospect, 1989–91 now seems as briefly euphoric as 1944–45. George Bush acknowledges in these memoirs how lucky and privileged he feels to have been president during those years, but it can equally be said that the United States, and the rest of the world, were very lucky to have had him as president. He was a hard act to follow.

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Review Essay

The Asian Values Ballyhoo

Patten's Common Sense on Hong Kong and Beyond

Lucian W. Pye

East and West: China, Power, and the Future of Asia. BY CHRISTOPHER PATTEN. New York: Times Books, 1998, 307 pp. $25.00.

What are we to make of Asia today, with its "miracle" economies in nose dives? And what is to be the fate of now-sputtering Hong Kong, once a humming engine for regional economic growth? In his new book, Christopher Patten, the last British governor of Hong Kong, writes that he does not want "to contribute to the temporarily discontinued library of books puffing Asia. Tiger virtues, tiger values, tiger miracles, tiger futures have been so recklessly celebrated that we find ourselves, boom or bust, told that all the tigers are skinned and stuffed. What has happened in Asia has been remarkable; once exaggerated, it is now belittled." In a spirited but thoughtful way, Patten provides "some middle ground in this important debate about Asian development."

In 1992 Patten, a committed and liberal Tory politician, was given the challenge of guiding Hong Kong through the remaining five tense years before it reverted to Chinese control. His mission was beset with controversy over how best to manage relations with Beijing. Since the 1997 reversion to China, however, the turmoil of the Patten years and the anxieties over whether "one country, two systems" could work for Hong Kong have become faint memories for the island's people, who suddenly find themselves beleaguered by circumstances not of China's making. Engulfed in the larger Asian economic crisis, they found their wealth evaporating because of falling real estate values, tumbling stock markets, and rising unemployment. Patten, by

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contrast, spent a much more pleasant year reflecting on his experiences and thinking about Western policies toward Asia in general. His book goes beyond Hong Kong, confronting the grand issue of how the West should deal with a China emerging pell-mell as a great power and, even more broadly, the questions of the likely future of Asia as a whole and of ensuring that East and West can become partners in world politics. Despite his denials that he has written a memoir, Patten's personal report of his Hong Kong experiences certainly fits the genre, but his above-the-fray philosophizing makes his book much more than that.

THE TANGO DANCER

From the day Patten took up his duties at Government House, he endured constant sniping, often from those he calls OCHs (Old China Hands) and OFOCs (Old Friends of China). The OCHs, especially the Sinologues in the British Foreign Office, fretted that a politician without diplomatic experience could not appreciate the mysterious sensitivities of the Chinese and the convoluted practices and taboos essential for dealing successfully with them. The OFOCs, who ranged from Hong Kong tycoons to Johnny-come-latelies to the Asian scene, shamelessly strove to become Beijing's lackeys. Patten makes only a slight effort to mask his scorn for the pusillanimous crowd who counseled kowtowing to Beijing, but he vividly recounts the battles without undue animus and without naming names. Throughout, Patten holds fast to a straightforward, commonsense view. "We are lured into thinking that there is a special, and exact, way of dealing with China, which turns out on close inspection to be one part correct to four parts mumbo jumbo," he writes. "China should be treated just like we would treat anyone else, not on the basis of voodoo or the assumption that it requires its own rule book."

Patten arrived in Hong Kong with a moral compass: an abiding faith that human history is best advanced by pluralistic democracy and free markets. The second belief gave him no trouble, but the first plagued him throughout his tour. Patten felt that it was a disgrace that Britain's last colony should not be prepared, as all its other colonies had been, for an independent and democratic future. Since independence was not in the cards, Patten quickly got to work on advancing democracy, strengthening human rights, and boosting the rule of law.

The biggest clash came over his determination to expand electoral participation as far as possible. The 1984 Sino-British Joint Declaration on the Question of Hong Kong held that for elections to the Legislative Council only 20 legislators would be directly elected, while 30 legislators would be chosen from "functional constituencies" representing various occupations and 10 picked by an election committee. Patten set about to stretch the limits. First, he opposed Chinese pressure to introduce proportional representation for the direct elections, which would have hurt the popular democratic forces by giving some seats to pro-Beijing minority elements. More important, he changed the rules for the 1995 "functional" elections by expanding the number of occupations qualifying for representation and insisting that anyone in any way associated with a profession or occupation could vote. In the past, only directors and officers of

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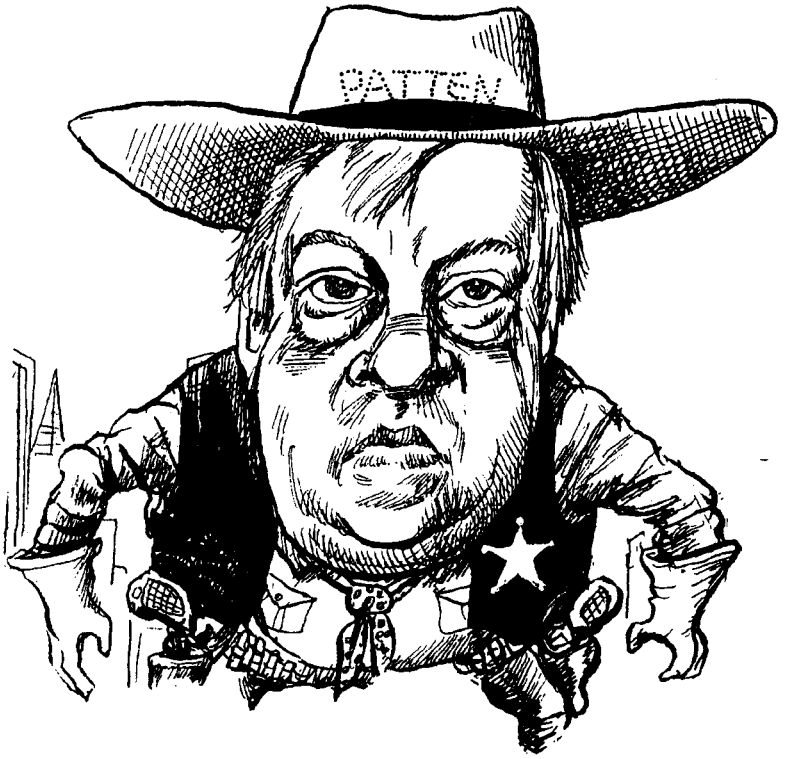

KAL/CARTOONIST & WRITERS SYNDICATE

companies, partners of law firms, and top professionals had voted. In the 1995 election, secretaries, clerks, and even drivers cast ballots along with their CEOs. Patten, clearly, implanted a craving for democracy in the Hong Kong people.

These electoral changes and other lesser reforms drove Beijing into a fit of rage, and Patten became the target of a memorably sustained, vituperative, and ad hominem propaganda campaign. Chinese officials called him a "whore," a "serpent," and a criminal to be "condemned for a thousand generations." (Sinologists were puzzled by the Chinese allegation that Patten was a "tango dancer," a supposedly dire insult, but Patten now clarifies the matter by reporting that he had once told Chinese negotiators that "it takes two to tango.") One major Chinese charge against Patten's electoral reforms was that he had violated a 1990 "secret agreement" between Douglas Hurd and Qian Qichen, Britain and China's respective foreign ministers. Patten writes that he was never briefed about the Hurd-Qian correspondence, only learned of it after Beijing's attacks on him, was certain he had not violated it, and, besides, could never get the Chinese to show him precisely where he had strayed.

Although Patten received stout backing from his masters in London, he was constantly assailed by OCHS who argued that, instead of trying to protect democracy, British policy should aim at "convergence" with China's plans for post-reversion Hong Kong. They called for a "through train" approach so that the turnover would cause a minimum of shock, which might adversely affect business. Patten was never impressed by the argument that

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China policy should be held hostage to the wishes of business. On the contrary, he felt that while Beijing might threaten to play off Western companies and governments against each other, little would be lost and much gained by sticking to political principle. Indeed, Patten recognized early on something that has seemingly escaped the notice of the State Department and the White House: most businesses that claim that their interests are being hurt by Western diplomacy toward China really have only themselves to blame for their difficulties with the Chinese. Their cries about misguided state policy are just alibis for their own failures. Patten notices, moreover, that American trade with China went up when U.S.-China relations seemed to be in trouble, while Germany, which strove to cultivate Europe's best relationship with China, saw its strenuous efforts result in a slight drop in its share of the China market, from 13 percent in 1986 to 12 percent a decade later. France, which weathered all manner of Chinese propaganda attacks for selling weapons to Taiwan, had almost exactly the same drop in market share as Germany. Patten also points out that during his period as governor, for all the Chinese fury against him and his country's policies, British trade with China doubled. Still, the message seems not to have gotten through. Even after leaving Hong Kong, Patten has been plagued by the timorous; Rupert Murdoch, apparently concerned that Beijing might not take kindly to Patten's book and apprehensive about his financial interests in China, compelled HarperCollins to cancel its contract with Patten.

NOT SCARED WITLESS

Patten's approach to China is premised on the dangers of allowing greedy fantasies like Murdoch's to obscure cold realities. He reminds us that Britain sells over nine times as much to Belgium and Luxembourg as to China and three times as much to Australia. America sells about the same amount to these countries as to China. Patten is also guided by the basic fact that Asia's share of total world output was greater at the beginning of the century, when agriculture was still king, than at the height of its recent "miracle" growth period. Even with highly optimistic assumptions that discount the severity of the current crisis, Asia will not regain the share of the world's output that it had in 1900 until the end of the first decade of the 21st century.

Patten starts, therefore, by confessing that he is "not scared witless of the People's Republic of China or mesmerized by China's might and majesty." He finds it easy to punch holes in the logic and factual bases of both the advocates of engagement and containment—between what he calls "ring-around-a-rosy diplomacy and the ring-of-steel school." Patten is just as tough on those who would have the West walk on eggs rather than offend Chinese sensibilities or prejudices as he is on those who want the West to prepare for a "coming conflict with China." Advocates of the "tread gently" school have spun for themselves elaborate but unsubstantiated theories about what it takes to inflate or deflate the Chinese ego, while those who cry that "the Chinese juggernaut is coming" fail to appreciate that the long history of China's ever-impending emergence as a world-shaker is a premier example of Murphy's Law in operation.

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Patten counsels the West to be guided by common sense and a respect for its principles. This entails treating China with the same respect and dignity afforded any sovereign country. China's particular problems should be acknowledged, but at the same time Western abhorrence of China's human rights record should not be muted. Even so, Patten's call for even-handedness comes across as somewhat hard-line and anti-Chinese, his intentions notwithstanding.

ASIAN (DE)VALUES

Managing a Chinese city made Patten unusually sensitive to the question of whether distinctive, continent-wide "Asian values" actually exist. He left Hong Kong while Asia was on the upswing, just before the economic crash. During the year spent writing his book, he noted the region's emerging financial difficulties, but it was too early for him to appreciate how profoundly serious Asia's problems are. Thus, much of Patten's extended rebuttal of the Singapore-Malaysia boasting about Asian virtues and Western decline now seems moot. The moral may be that, in a world economy in which the fluttering of butterfly wings in one region can cause economic chaos halfway around the globe, neither East nor West should engage in triumphalism.

Set aside the clever points in Patten's debater's brief. The new question remains: how could the same cultural patterns that once produced "miracles" now produce disasters? Asia's financial crisis is not just a bump in the region's economic road to success but a multiyear downturn. That will end much of what Patten calls "the Asian values ballyhoo." In the future, cultural analysis will have to be more precise to explain how much the same behavior patterns could both lift economies and then hurl them into deep trouble. Patten does not analyze in depth how "the dynamos seem [to have been] transformed into dominoes." Yet the world has now found that the virtues of frugality, hard work, family values, respect for authority, and close business-government cooperatives can become the vices of compulsive greed, single-minded inflexibility, nepotism, and outright corruption.

Indeed, one can take each individual Asian value and show both how it was ideologically distorted in all the polemics and how historically it in fact has produced both successes and disasters. Thus the Confucian principle of family solidarity was transformed by Lee Kuan Yew and his Singapore school into an obligation to conform to the will of the state, although Confucius actually taught that rulers should listen to the people and accept criticism. In practice, Asian "family values" made possible the complex networks of family and friends that fired the overseas-Chinese business and banking operations but in time slipped over into nepotism. In Indonesia, family values became the rule that the "first family comes first." When harnessed to stupid policies, the Chinese work ethic can compound disaster, as 50 years of communism in China have proved. The reliance upon informal arrangements rather than the transparency that goes with the rule of law led to extraordinary flows of capital, boosted by a new hubris that set aside concerns about profitability for the sake of ever more action—and that capital flowed out just as quickly as it flowed in. The much-vaunted collaboration of Japanese bureaucrats, politicians, and business leaders once

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produced quick and farsighted action, but when tainted with corruption and imprudence, it also left Japanese banks with $1 trillion of bad debt. Chinese frugality, which can produce astonishingly high savings rates, can blend with greed to lead to compulsive, irrational gambling and persistent forays down dead-end streets. Consider the speculators still single-mindedly building skyscrapers in Shanghai even though those finished in 1997 have only 20 percent occupancy rates and those completed in 1998 are only 10 to 15 percent occupied. Better, they stubbornly believe, to tighten their belts and suffer a bit than to puncture a real estate bubble, thereby carrying the virtue of delayed gratification to an absurd extreme.

The twin passions of pride and anger that seem to motivate the champions of Asian values must be understood in the context of emerging Asian nationalism's historical struggle against Western colonialism, which, in its terminal phase, grew increasingly paternalistic. The generation that started the controversy over Asian values as a matter of "us-against-them" still has vivid memories of the profoundly emotional process of trying to articulate new national identities that would be both loyal to traditional cultures and reputable to the modern world culture exemplified by the West. The most Westernized Asians often felt compelled to prove that they had not sold out their identities, so they used a vocabulary that would both command the attention of and annoy their Western masters. Thus, early on, they spoke of the superiority of Eastern spiritual civilization over the crass, materialistic West, a formulation further energized by Gandhism. Now the search for self-esteem has taken the garb of asserting the superiority of an Asian commitment to the collective over the self-indulgent individualism rampant in the West.

Ironically, the issue of Asian values has found popular appeal only in those Asian countries that have the least coherent traditional cultures, such as multicultural Singapore or Malaysia, or are the most uncertain about their traditional culture's merits, like China, which has mounted a sustained campaign against its great Confucian heritage with first the May Fourth Movement and then with 50 years of communism. A further irony of the Asian values argument is that the collectivity now being idealized is the nation-state, itself a Western import. Traditional Asian group identities were family, clan, and ethnic lineage, all of which caused problems for constructing new national identities. The West's introduction of the idea of the modern nation-state forced Asian societies to try to strike the ideal balance between state and citizen, between the interests of the community and those of the individual. Today's advocates of Asian values, however, seem blissfully unaware that the question of balancing the common good and individual rights has been a central theme of the history of Western political thought ever since Socrates drank the hemlock. By drawing the line as they have, the Asian values polemicists seem mainly concerned with legitimizing authoritarianism.

His willingness to engage seriously in the Asian values debate shows Patten's respect for Asian sensibilities, even though he rejects their idealization of the state as the locus to which all individuals should sacrifice their rights. His reasoned approach

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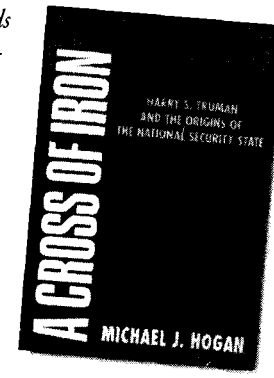
raised the level of discourse above the polemical plane. Patten the governor was the object of sustained controversy. Patten the philosopher and foreign policy analyst is stimulating, but his level-headed, commonsense approach to problems tends to defuse controversy. Moreover, as Asians now have to rethink the way their values may have let them down, they may be more appreciative of Patten—no longer the controversial colonial governor but now a sympathetic advocate of better East-West relations. His faith in free markets and political pluralism and his belief that the same virtues and failings can be found in all cultures make him a worthy spokesman for the West.

A Cross of Iron
Harry S. Truman and the Origins of the National Security State
Michael J. Hogan

"...the author succeeds brilliantly in demonstrating the impact of political culture on the formation of a new American State fundamentally different from that which existed before."
— Foreign Affairs



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Response

The Capital Truth

What Works for Commodities Should Work for Cash

Shailendra J. Anjaria

Jagdish Bhagwati insists that trade in dollars is fundamentally different from trade in widgets or any other commodity—so different, in fact, that governments should restrict the global flow of capital even while they vigorously promote free trade in goods and services ("The Capital Myth," May/June 1998). However, Bhagwati's argument for controls on the free flow of currency for buying and selling assets is unconvincing. First, he fails to acknowledge that the case for the free movement of dollars mirrors that for free trade in widgets (and that the same logic applies to both). Take California and Texas, states that enjoy both free trade and free capital flow. Residents of both states benefit from the fact that neither state must make all the goods it needs for its own use. Instead, the more efficient state produces widgets for both, resulting in a cheaper widget. The effect on capital is similar; Californians looking for investments are not limited to their own savings but can draw on Texan money. Free capital movement offers borrowers in both states a deeper reserve of savings and gives investors more investment opportunities. Stopping this flow of money would make no more sense than would halting the movement of goods and services.

At the international level, a similar argument applies, although influenced by changing exchange rates and differences in legal systems. Conceptually, therefore, those who argue for free trade internationally should also advocate the free flow of capital across national borders. If savers and investors in Los Angeles and Dallas benefit from access to each others' resources, why should similar benefits not be available to their counterparts in São Paulo, Beijing, or Canberra?

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Bhagwati also ignores one of the most profound economic developments of the last quarter-century: the expansion of international capital flows and the resultant benefits to the world economy. It is true that further liberalization of financial markets will only succeed if preceded by a strong institutional framework. But it is also true that policymakers around the globe have already endorsed the free movement of both domestic and international capital in their policies.

Bhagwati assumes that countries seek the unregulated and instantaneous flow of capital. In fact, policymakers have long recognized the need for safeguards, which are as essential for capital as they are for trade. Capital must be liberalized in a prudent manner, supported by supervisory regulations that strengthen the financial system. Given the great benefits offered by freer international capital markets, however, the best response to volatile conditions is surely to strengthen those markets' foundations (through improved accounting and disclosure rules, for example), not close them down—especially since there is little evidence that the alternative, stopping the flow of capital, works well or for long.

CONSENSUS, NOT CONSPIRACY

The suggestion that the push toward free capital reveals a Wall Street–Treasury Department conspiracy overlooks two things: first, that the rapid growth of capital flow has involved countries beyond the United States and its G-7 partners, and second, that advances in technology, rather than economic or political intrigue, have led this expansion.

A glance at the IMF's history attests to its ability to manage the transition to open markets. For example, securing acceptance of the IMF charter's Article VIII, which creates an open system for current payments (that ensures, among other things, that exporters get paid for the goods and services they send abroad) took years to accomplish. Western Europe came on board only in 1958, and today, 37 of the IMF's 182 members have yet to ratify. The IMF has encouraged incremental moves, not instant change. It has helped strengthen developing economies through structural reforms, rather than forcing them to swallow Article VIII obligations prematurely.

Were the IMF now directed to promote free capital markets, we should expect a similar process of gradual adaptation. The international community and the IMF recognize that without both sound macroeconomic policies—which many of the Asian crisis countries had—and strong, transparent, and properly supervised banks—which most of them lacked—opening up capital flows is dangerous and inadvisable.

The opening-up must occur in proper sequence; this is the moral of the Asian story. Some Asian states chose, mistakenly, to stress short-term borrowing by domestic banks over longer-term foreign investment. The sequence of these measures, not liberalization itself, compounded the suffering when the crisis erupted and confidence vanished.

Building national institutions strong enough to cope with the volatility of capital flows will take time, which is precisely why the effort should start sooner rather than later. And because it will be difficult, the effort must be backed by international bodies, including the IMF.

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Recent Books on International Relations

Political and Legal

G. JOHN IKENBERRY

FRANCIS FUKUYAMA is taking a yearlong sabbatical from his position as reviewer of this section. We are fortunate to have in his stead G. JOHN IKENBERRY, Associate Professor of Political Science at the University of Pennsylvania and a nonresident Senior Fellow at the Brookings Institution.

Global Squeeze: The Coming Crisis for First-World Nations. BY RICHARD C. LONGWORTH. Chicago: Contemporary Books, 1998, 304 pp. $24.95.

This book by a veteran journalist explores the impact of globalization on advanced industrialized countries and the struggles of workers, firms, and communities in its wake. Longworth seeks to explode the myth of a single Western capitalist model, arguing instead that Japan, the United States, Germany, and France each has a unique set of labor, business, and banking institutions along with a distinctive national view of the market's role. As a result, they experience globalization in markedly different ways. The United States most readily embraces the global economic transformation, while Japan actively resists it. Europeans, meanwhile, view globalization as "a beast to be accommodated, and, if possible, tamed."

Longworth's underlying argument is that national institutions and values fundamentally shape individual reactions to global economic change. Although his book is not an overarching synthesis of the logic and consequences of globalization, it serves as an engrossing empirical survey of how advanced societies grapple with the disruptive forces of global markets. In a debate marked more by polemics than close analysis, *Global Squeeze* is a useful contribution.

Democracy, Revolution, and History. EDITED BY THEDA SKOCPOL. Ithaca: Cornell University Press, 1998, 273 pp. $39.95.

Over 30 years ago, Harvard's Barrington Moore published his landmark study, *Social Origins of Dictatorship and Democracy*, which tracked the decisive social and economic developments in England, France, the United States, Germany, Japan, and India over several hundred years and explored their consequences for the twentieth century. This collection of papers by leading social scientists, many of whom were Moore's students and colleagues, revives the debate over

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his scholarship. The essays generally argue that his method—the focus on shifting class alliances through history—remains appropriate. However, most scholars today also call for the consideration of other factors, such as party organization, intellectual elites, transnational relations, and geopolitics. Intriguing essays on the EU and the American promotion of democracy abroad also underscore the continued relevance of Moore's vision. In his spirit, the book does not offer a grand unifying theory of political development, but demonstrates the usefulness of comparative historical inquiry in understanding the paths a nation can take toward modern liberal democracy.

The Columbia History of the 20th Century. EDITED BY RICHARD BULLIET. New York: Columbia University Press, 1998, 651 pp. $49.95.

This volume attempts to go beyond the frantic list-making that has characterized many end-of-the-century books and delves into the ways the twentieth century has changed the fabric of human life. The 24 thematic chapters focus primarily on everyday life rather than events or personalities. Culture, religion, gender, race, and athletics get their due, as do money, industry, war, and diplomacy. Without offering an overarching thesis, Bulliet's introduction suggests that "culture, economics, technology, and social values seem at least as likely to shape the future of the world as political ideology or territorial conquest."

Among the contributions that stand out, Akira Iriye's "International Order" argues for the rising importance of "cultural internationalism" in universalist approaches toward human rights, environmental protection, and social welfare. Neil DeGrasse Tyson explores the social foundations of scientific discovery, while Kenneth T. Jackson discusses the relentless growth of cities, home to rich and poor, that offer the best and worst of industrial society. The essays provide no collective summary of the twentieth century but serve as a useful starting point for assessment and debate.

Dangerous Peace: New Rivalry in World Politics. BY ALPO RUSI. Boulder: Westview Press, 1998, 208 pp. $25.00 (paper).

Rusi argues that the world is cleaving into rival regional blocs: well-defined geopolitical units marked by high tariff barriers, distinct cultural identities, and conflicting political interests. The disappearance of a common Cold War enemy supposedly loosened the ties between Europe, the United States, and Japan. Shifting economic fortunes and China's rise have also undermined the old postwar order. Technological change, however, has contributed even more to the rise of blocs. Since emerging industries can support fewer and fewer producers, Rusi argues, countries will group into organized blocs to drive up protectionist barriers and stem the outflow of jobs.

While the book's thesis is provocative, it remains underdeveloped and ill-defined. Rusi neither presents hard evidence that rivalry among industrialized nations has increased since the Cold War nor reconciles that claim with the ongoing global expansion of trade, investment, and cross-regional alliances. The impact of technological change is more complicated than the book states; in most instances it generates more, rather than fewer, links between

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industrialized countries through foreign investment and corporate partnerships. The book aptly notes that globalization is generating new winners and losers as well as new patterns of political conflict. But it fails to convince the reader that antagonistic blocs will be the necessary result.

International Security and Democracy: Latin America and the Caribbean in the Post–Cold War Era. EDITED BY JORGE I. DOMÍNGUEZ. Pittsburgh: University of Pittsburgh Press, 1998, 356 pp. $50.00.

In the great debate over democracy and war, scholars have largely ignored Latin America and the Caribbean. They should reconsider. Since the end of the Cold War, states in the region have settled their most dangerous civil wars and turned more cooperative. A democratic transformation has begun while military spending has dropped and cooperation on security matters has risen.

This book seeks to disentangle the complex relationship between democratization and international security in Central and South America. Detailed empirical chapters are accompanied by thematic discussions of civil-military institutions and subregional patterns of interstate relations. One chapter makes the intriguing case that Argentinian peacekeeping participation has reinforced civil-military relations and democratic institutions. Others claim that democratization has no direct effect on the settlement of disputes, citing the argument that democracies are as likely as nondemocracies to fight with other nondemocracies, while both democracies and nondemocracies have taken steps to reduce the likelihood of war. In some cases, such as Venezuela's border disputes, democratic politics have actually made peace harder to reach. Rather than advance a general theoretical argument, however, the book usefully underscores the complex relationship between regime change and security relations. The consolidation of democracy and peace are indeed related, but the lines of causation are more intricate and interwoven than often thought.

Economic, Social, and Environmental

RICHARD N. COOPER

Human Choice and Climate Change, 4 Vols. EDITED BY STEVE RAYNOR AND ELIZABETH L. MALONE. Columbus: Battelle Press, 1998, 1,714 pp. $250.00 for four volumes (paper, $100.00).

Sponsored by the U.S. Department of Energy, this work contributes to the rapidly growing literature on climate change from the perspective of dozens of authors. The study explores how policymaking on climate change reflects the way society and government make decisions on social questions far beyond the environment. In the authors' eyes, policymaking on climate change has become a complex and subjective issue rather than a technical matter that scientists alone can decide. The authors suggest that society must consider adapting, although they acknowledge that the issue has become a surrogate for political debate over broader issues such as lifestyle and economic development.

The first volume covers the social framework for making policy decisions, while the second contains an up-to-date summary of developments in climate change, discussing implications for land

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and water use, energy systems, and coastal zones subject to rising sea levels. The third book looks at conceptual tools for analyzing social and policy problems, followed by a summary of studies and useful policy prescriptions in the final volume. All have excellent bibliographic material.

Unintended Consequences: The Impact of Factor Endowments, Culture, and Politics on Long-Run Economic Performance. BY DEEPAK LAL. Cambridge: MIT Press, 1998, 280 pp. $45.00.

A UCLA economist, Lal takes his readers on a breathtaking gallop through the history of the world's major civilizations to discover the determinants of economic progress and explain how eighteenth-century Western Europe came to dominate the world economy. Like others before him, Lal finds the origins of European economic innovation in the distinctive Western concepts of individualism and guilt. In one example, he uses Pope Gregory I's decision in the seventh century to control marriage options to show how the Church unwittingly launched the West's unique individualism, even though its implicit aim was to enrich itself through widows' bequests.

In different ways, he argues, guilt and shame provide the cement for civilized society; by extension, the rise of cultural relativism in the West today may risk its prosperity. Lal concludes that because imitation is easier than innovation, some non-Western cultures can indeed modernize without adopting Western notions of individualism and guilt. Lal also offers an especially provocative analysis of the origins and viability of the modern welfare state, finding it a politically understandable but unsatisfactory substitute for the more effective private charity found in most organized societies.

Global Sex Workers: Rights, Resistance, and Redefinition. EDITED BY KAMALA KEMPADOO AND JO DOEZEMA. New York: Routledge, 1998, 304 pp. $19.95 (paper).

A provocative collection of essays on prostitution, by scholars, journalists, and sex workers, with a focus on developing countries along with two essays on Japan. The authors generally reject the notion that all sex workers are coerced into the profession. Rather, they argue, many choose prostitution as the least unattractive and most certain route to economic well-being; and they conclude that it should not be stigmatized any more than should other occupations involving manual labor. The alternative—criminalization and social exclusion—denies workers legal rights and opens the possibility of abuse. While the authors strongly condemn forced labor, they contend that law enforcement should address the question of coercion, not sexual activity itself.

The authors generally praise the growing activism on behalf of sex workers, spurred in part by the AIDS epidemic, and some suggest that AIDS is not especially prevalent among prostitutes. The book is primarily aimed at feminists, emphasizing that women should have the right to work in all domains, as well as at male policymakers, who (the authors charge) criminalize prostitution to subordinate female workers.

"A Dutch Miracle": Job Growth, Welfare Reform and Corporatism in the Netherlands. BY JELLE VISSER AND ANTON HEMERIJCK. Amsterdam: Amsterdam University Press, 1997, 206 pp. $24.95 (paper).

A discussion of the Netherlands' remarkable

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transformation of its social policy from 1984, when the crisis-ridden system swallowed up a staggering 21 percent of gross domestic product, to its dramatic turnaround in the mid-1990s. Today the Netherlands stands out in continental Europe for combining strong growth and low unemployment without abandoning the welfare state.

This achievement was no grand reform but a series of gradual adjustments: the minimum wage was reduced to 66 percent of the average wage from 80 percent, welfare eligibility criteria were tightened to minimize abuse, and benefits were slightly cut. The government also liberalized labor laws to expand part-time work, especially for women. While wage inequality rose somewhat, it remained far less than in Britain or the United States. Altogether, these steps reduced social spending to 16 percent of GDP in 1997.

The authors also address the unique Dutch approach toward decision-making among business, labor, and government, as well as the political consequences of this policy transformation. Other European countries attempting to streamline entitlement spending will find this account useful.

From Third World to World Class: The Future of Emerging Markets in the Global Economy. BY PETER MARBER. Reading: Perseus Books, 1998, 272 pp. $30.00.

An enthusiastic emerging-market specialist, Marber discusses a broad range of topics, from the history of Western economic development to the role of the modern bond market. In clear, textbook fashion, he has placed digressions in sidebars and offers a work packed with information.

Unfortunately, rapidly moving events—in this case, the financial crises in Asia and Russia—have outpaced the book. Marber only briefly alludes to recent emerging-market turbulence without seriously discussing causes or consequences. Nevertheless, he suggests that Asia's woes are only passing events that will be overtaken by positive fundamental opportunities again. While not understating the risks, he argues that investors should prepare for the best, not the worst, from emerging markets.

Military, Scientific, and Technological

ELIOT A. COHEN

Stalingrad: The Fateful Siege, 1942–1943. BY ANTONY BEEVOR. New York: Viking, 1998, 512 pp. $35.00.

Some viewers of Steven Spielberg's *Saving Private Ryan* seemed surprised by the horrors of D-Day as depicted in the film. This book chronicles a titanic battle of far longer duration, more hideous aspect, and perhaps equally decisive importance. In a masterly work of military history, the author covers everything from the strategic considerations shaping Hitler's and Stalin's decision-making to the urban battles of snipers and small assault teams. Compellingly written, impeccably researched in both Russian and German archives, this is an exceptional work of military history.

Rescuing Prometheus. BY THOMAS P. HUGHES. New York: Pantheon, 1998, 672 pp. $28.50.

America's foremost historian of technology looks at four massive projects from the

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1950s to the present: the SAGE air defense system, the Atlas intercontinental ballistic missile, Boston's Central Artery/Tunnel project, and the ARPANET —the predecessor to the Internet. His subject is systems engineering, and his thesis (neatly summarized on one page) is that the vast military projects of World War II and the early Cold War gave birth to a new style of engineering, which he terms "postmodern." This included layered rather than vertical organization, project rather than production system management, and "messy complexity" rather than "rational order"—in short, project organization that is less planned, hierarchical, and orderly than adaptive, cooperative, and chaotic.

Melding four case studies with analytic chapters on systems engineering, Hughes contends that the "systems approach" is a distinctive American style that now permeates our engineering way of life. Perhaps true, although one would need some comparative studies of Russian, British, or German projects of similar magnitude to judge.

New Opportunities for Military Women: Effects upon Readiness, Cohesion, and Morale. BY MARGARET C. HARRELL AND LAURA L. MILLER. Santa Monica: RAND, 1997, 172 pp. $15.00.

A short, dense, and technical analysis of a contentious topic. This work by two sociologists at RAND, which relies heavily on surveys and focus group interviews, provides mixed findings: confidence in gender integration in the armed forces combined with lingering resentment, belief in double standards (both favorable and unfavorable to women), and strong disagreement over whether women should be allowed into combat arms specialties in the ground forces. As the authors admit, the methodology surrounding these issues is problematic. No matter what promises of confidentiality are made, women as well as men are often less than candid in responding to questionnaires and discussing these issues in public. The sampling problems are also formidable, as both authors acknowledge. The study is cautious and limited, but therefore useful.

The Collapse of the Soviet Military. BY WILLIAM ODOM. New Haven: Yale University Press, 1998, 480 pp. $35.00.

The ranks of soldier-scholar-spies are limited, and in the United States one of the foremost is Odom, a retired lieutenant general and chief of the National Security Agency who holds a Ph.D. in political science from Columbia University and directs national security programs at the Hudson Institute. He has written a superb account of how one of the most powerful militaries in the world collapsed within a decade, like a dinosaur struck by a strange and mortal disease.

In a remarkable synthesis of history and political science, Odom argues that observers of the Soviet Union have underestimated the importance of foolhardy decisions by Mikhail Gorbachev, which together with the system's well-known long-term afflictions killed the U.S.S.R. Odom also explores the impact of the Afghanistan war, technological competition with the West, and the collapse of domestic morale at the end of the 1980s, describing how the Russian military's "brain"—its general staff and intellectual organs—remained intact even as its limbs succumbed to palsy. In a decade or two, access to more records may make a revision of this work necessary, but until then it will hold the field.

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The Making of Israeli Militarism. BY URI BEN-ELIEZER. Bloomington: Indiana University Press, 1998, 278 pp. $35.00.

The Sword and the Olive: A Critical History of the Israeli Defense Force. BY MARTIN VAN CREVELD. New York: PublicAffairs, 1998, 448 pp. $27.50.

For many years the Israeli Defense Force was regarded by enemies, friends, and professional observers alike as an exceptionally skillful and powerful military. After the 1973 Yom Kippur War, however, Israeli journalists and reserve officers began to criticize the IDF; by the 1980s a wave of historical revisionism had begun. These two books, one by a young sociologist, the other by a world-class military historian, are savagely critical. Ben-Eliezer argues that the predominance of the "military way"—a preference for military solutions to political problems and an inappropriate extension of military roles into society—goes back to pre-state years, resulting from a close relationship between old elites and a rough, native generation of Israelis. Meanwhile, van Creveld mercilessly traces the IDF's failures, describing it today as "soft, bloated, strife-ridden, responsibility-shy, and dishonest." This surely goes too far, although van Creveld, like Ben-Eliezer, has drawn widely and effectively on Hebrew-language sources that most English-speaking readers never see. Both authors are capable scholars and undoubtedly point to some truths. Like most militaries, the IDF has had its share of failures, tactical, strategic, and moral; the same can be said of Israeli society, or for that matter, of the U.S. military and American society. Unfortunately, both scholars let their fury at the contemporary Israeli scene mar otherwise impressive scholarship. It will take time, and perhaps a foreign viewpoint, to set the stories they tell in proper and more understanding perspective.

Cat's Paws and Catapults: Mechanical Worlds of Nature and People. BY STEVEN VOGEL. New York: W.W. Norton, 1998, 382 pp. $27.50.

A charmingly conceived and written book. Recent years have seen the appearance of a number of insightful writers about engineering, such as Henry Petroski and Samuel Florman. This author joins the group with an amusing, well-illustrated, and intriguing comparison of biological and technological solutions to the same problems. Flight comes immediately to mind, but Vogel explores many other topics, including structural strength and efficiency. Along the way he debunks some assertions of those who claim too much for biomechanics: manned flight did not take off, so to speak, until engineers abandoned their efforts to duplicate the motion of birds; and synthetic spider silk, alas, will not prove as cheap, durable, tough, and comfortable as its pitchmen sometimes claim.

China's Military Transition. EDITED BY DAVID SHAMBAUGH AND RICHARD H. YANG. Oxford: Clarendon Press, 1997, 366 pp. $24.95.

The community of academic students of the People's Liberation Army is tiny, and this workmanlike collection of essays represents many of its members. The essays paint a common picture of a large, slowly modernizing military, with many obstacles to overcome before becoming a First World force. But a few of the essays are more suggestive and less conventional—most notably Nan Li's description of contem-

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porary Chinese doctrine, which suggests discontinuous change, at least in the intellectual realm. The common difficulty among the authors is measuring the rate of modernization of the PLA and assessing its role in supporting Chinese policy.

In the Service of the Emperor: Essays on the Imperial Japanese Army. BY EDWARD J. DREA. Lincoln: University of Nebraska Press, 1998, 299 pp. $45.00.
Part of the enduring fascination of World War II lies in the diversity of the armies that fought it. Drea, one of the leading students of the Pacific War, has assembled a series of essays showing just how different the Japanese army was from European militaries. Essays on everything from basic training to strategy make it clear that Japan adopted Western forms of military organization but did not absorb Western concepts of discipline and motivation. He goes to great length to debunk or at least drastically modify the common picture of the Japanese soldier as a peasant fanatic, but Drea leaves his reader aware of the profound importance of military culture. As a result, he provides important lessons for comparative analysis of modern militaries.

The Tao of Spycraft: Intelligence Theory and Practice in Traditional China. BY RALPH D. SAWYER. Boulder: Westview Press, 1998, 592 pp. $35.00.
Sawyer has previously assembled several other books of this type: substantial translations of and commentaries on classic Chinese texts of warfare and statecraft. He divides this work into extensive sections on early Chinese history, espionage, covert action, theories of intelligence assessment, military intelligence, and divination.

Western readers will often find themselves shaking their heads at Chinese dicta that seem trivial, elliptical, or simply irrelevant to the work of government ("A drowning man sank into the water, his rescuers also entered the water. Their entering the water was the same but their reasons different.") For this reason, they may not come away from this massive volume convinced of the superiority of the Chinese approach. They will, however, certainly come to a better understanding of Chinese texts, which mean as much to Chinese strategists as Clausewitz does to Western ones.

The United States

DAVID C. HENDRICKSON

The American Approach to Foreign Affairs: An Uncertain Tradition. BY ROGER S. WHITCOMB. New York: Praeger, 1998, 149 pp. $59.95.
This thoughtful survey of the American foreign policy tradition largely recapitulates the realist critiques of Hans Morgenthau, George Kennan, and Reinhold Niebuhr. In taking aim at America's sanctimonious moralism, inveterate legalism, and tendency to demonize enemies while exaggerating its own exceptional qualities, the author is certainly not bereft of inviting targets to bear out his thesis. At the same time, his critique often seems exaggerated. One doubts that "few other countries have ever been more poorly prepared for the give-and-take of coalition diplomacy than America" or that "the idea of toughing it out, of treading water, of buying time is utterly incomprehensible for the American mind." The American tradition is marked

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by characteristic delusions, yet is also sublime. Carried by human beings, and therefore deeply flawed, it bears all the same a rich inheritance. Americans are to look to it as much for the correction of the nation's diplomatic follies as for their source.

Who Speaks for America? Why Democracy Matters in Foreign Policy. BY ERIC ALTERMAN. Ithaca: Cornell University Press, 1998, 224 pp. $25.00.

The author, a columnist for *The Nation*, argues that American democracy is a sham, its government and foreign policy controlled by self-appointed elites who rule in the interests of their corporate paymasters. By way of reform, Alterman calls for a "foreign policy jury" of 400 to 500 "ordinary people" elected on the basis of biographies and short statements. This council would have the right to deliberate on the nation's foreign policy and compel public officials to answer questions under oath. Over time, the author suggests, the jury would take over key components of policymaking, a constitutional revolution he claims would enormously improve the "continuity and stability of U.S. foreign policy" and save "trillions of dollars" in the process. While Alterman complains repeatedly of the low quality of foreign policy debate in this country, this manifestly utopian proposal—its details vague and its merits absurdly exaggerated—offers unwitting testimony to that state of affairs.

All You Need is Love: The Peace Corps and the Spirit of the 1960s. BY ELIZABETH COBBS HOFFMAN. Cambridge: Harvard University Press, 1998, 306 pp. $27.95.

Written by a historian at San Diego State University, this study sets the story of the Peace Corps against larger trends in American culture and the experience of other volunteer developmental organizations in the West. The author gracefully conveys the spirit of idealism that accompanied the birth of the Peace Corps in 1961 under John F. Kennedy and writes skillfully of its subsequent travails. By the end of its first heady decade, radicals were denouncing it as an imperialist plot while many conservatives were writing it off as a waste of time. The author, a chastened liberal, finds it valuable not only because of the good work that many of its 145,000 volunteers accomplished abroad but also because its reaffirmation of American ideals contributed (ironically) to "nation-building" at home. However one resolves the conflict between ideals and self-interest in American foreign policy, this richly textured history makes a convincing case that the Peace Corps has made a notable contribution to both objectives.

Destroying the Village: Eisenhower and Thermonuclear War. BY CAMPELL CRAIG. New York: Columbia University Press, 1998, 216 pp. $47.50 (paper, $19.50).

A harrowing account of the early years of American nuclear strategy, this book offers an unconventional defense of President Dwight Eisenhower. Craig, a diplomatic historian, challenges scholars who have depicted the early Cold War as an era of exceptional stability. The avoidance of nuclear war in that era, he plausibly insists, was indeed a close call. At the core of the book is the long-running debate between advocates of "massive retaliation" and "flexible response." Eisenhower's conviction, fortified by his reading of Clausewitz, was that war with

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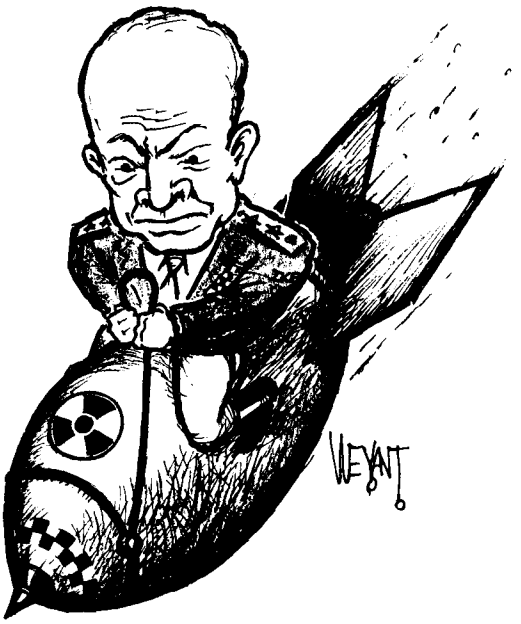

the Soviet Union could not remain limited. His antagonists, including Secretary of State John Foster Dulles, objected to the choice between "holocaust and humiliation" that such an all-or-nothing policy entailed.

Craig provides a solid assessment of the policies of "war-avoidance" that resulted from Eisenhower's acute understanding of the folly of thermonuclear war, but he does not satisfactorily refute advocates of flexible response. There was no necessary connection, as he implies, between a military strategy that recognized gradations of conflict and a diplomacy that was extravagant and risky.

Drug Crazy: How We Got Into This Mess & How We Can Get Out. BY MIKE GRAY. New York: Random House, 1998, 251 pp. $23.95.

Ending the War on Drugs: A Solution for America. BY DIRK CHASE ELDREDGE. Bridgehampton, New York: Bridge Works Publishing Company, 1998, 207 pp. $22.95.

One of the great ironies of postmodern times is that the regulatory powers of the state have expanded over society while receding from the economy. Nowhere is this more manifest than in the drug war, an experiment in social engineering that has discouraged drug use in America about as effectively as state ownership of the means of production once encouraged prosperity in the Soviet Union.

Both Gray, a progressive, and Eldredge, a conservative Republican, lament the unintended consequences of this policy: the financial underwriting of criminal organizations, the profound subversion of democratic institutions in Latin America, the corruption of police and judges, the loss of legal protections once treasured in Anglo-American jurisprudence, the alienation of substantial segments of an otherwise law-abiding population, and the stuffing of court and prison systems with a million arrests for drug offenses a year. Yet despite this enormous effort, which assaults basic principles of civil liberty, the object has not been attained: teenagers have more difficulty finding beer than most illicit drugs.

Eldredge proposes a sensible alternative that would place the sale of now-illegal drugs in state-run stores, taxed at a level that would deprive the gangs of revenue while affording ample funds for treatment and prevention of drug abuse. The nation, regrettably, seems averse to any such experiment. America, whose providential mission in the twentieth century was to defeat totalitarianism abroad, appears determined to employ its vast panoply of state power to stamp out private vice at home. Forgotten is the older wisdom that in a free land, the cultivation of virtue should be left to the institutions

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of civil society. Forgotten, too, is the older understanding that civil society has its victories, no less renowned than those of the state.

Constitutionalizing Globalization: The Postmodern Revival of Confederal Arrangements. BY DANIEL J. ELAZAR. Lanham: Rowman and Littlefield, 1998, 251 pp. $23.95 (paper).

This work is a valuable attempt to make sense of the proliferation of confederal institutions since 1945. Elazar, coeditor of *Publius: A Journal of Federalism*, sees the emergence in recent years of a "paradigm shift from statism to confederalism," a transformation in world politics fostered by the multilateral institutions created after World War II. The author does not view confederation as an inferior form of political organization, a once common judgment that reflected its critical treatment in *The Federalist Papers* and its larger association with states' rights and the Confederacy. Instead, he sees it as a sometimes viable and appropriate alternative for states that seek the advantages of cooperation but fear surrendering their sovereignty to a tighter federation. Elazar provides little policy guidance on how the reform of international institutions should proceed, but he demonstrates convincingly that the federal tradition brings many insights to the task of "constitutionalizing globalization."

Iraq Strategy Review: Options for U.S. Policy. EDITED BY PATRICK CLAWSON. Washington: Washington Institute for Near East Policy, 1998, 181 pp. $16.95.

Criticizing American policy toward Saddam Hussein is a favorite sport both inside Washington and out, but rarely do the critics engage in sophisticated analysis or suggest a viable alternative. This collection of essays starts from the recognition that every way of handling Saddam has drawbacks and then dissects five different approaches to the problem. Three of these—broad containment, narrow containment, and deterrence—accept the continued existence of Saddam's regime and try to minimize the trouble it causes beyond its borders. The other two options involve ousting Saddam, either directly through force or indirectly through the Iraqi opposition. The result is a model of intelligent policy analysis that helps the reader understand why policymakers continue to agonize over the choices available—and why they have tried so hard to extend the life of the existing policy as long as possible.

GIDEON ROSE

Western Europe

STANLEY HOFFMANN

Explaining Hitler. BY RON ROSENBAUM. New York: Random House, 1998, 445 pp. $30.00.

Hitler: The Pathology of Evil. BY GEORGE VICTOR. Washington: Brassey's, 1998, 263 pp. $24.95.

Hitler: Diagnosis of a Destructive Prophet. BY FRITZ REDLICH. New York: Oxford University Press, 1998, 380 pp. $35.00.

Hitler continues to fascinate and bewilder. After John Lukacs' recent study of his role as a revolutionary leader, we now have three books on Hitler's psychology, motivations, and peculiarities. Rosenbaum, a literary journalist, seems particularly interested in finding out whether Hitler

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was convinced of his own rectitude or was a manipulative Machiavellian. His investigation, which is not easy to follow, takes him through various episodes in Hitler's life (such as the suicide of his half-niece), his sexual mysteries, and the studies of Hitler scholars such as Hugh Trevor-Roper, Alan Bullock, David Irving, George Steiner, and Daniel Goldhagen. There are some telling vignettes here, but it is not clear whether this jumble of disparate materials amounts to much, and the repeated arguments over whether Hitler deserves to be called evil are sophomoric. (If he wasn't, who was?)

The books of Victor, a psychoanalyst, and Redlich, a psychiatrist, are "pathographies," defined by Redlich as "studies of the life and character of an individual, as influenced by disease." Little in Victor's book is new, either about Hitler's career or Nazi Germany, or in Victor's concluding condemnation of unquestioning obedience. Redlich's book, in contrast, is a scrupulous work of scholarship that reviews and often dismisses many of the stories that have been circulated about Hitler. It also provides a reliable and thorough review of his afflictions, crises, and psychological characteristics. Redlich's diagnosis is that Hitler was not antisocial or borderline hysterical but politically paranoid. Redlich is wisely skeptical of judging the normality or abnormality of political leaders, but concludes that Hitler was in full control of his acts and "too dangerous to be a member of the human race." This informative, exemplary work does not pretend to explain a man by his pathology.

Original Sin in a Brave New World: An Account of the Negotiation of the Treaty of Amsterdam. BY BOBBY MCDONAGH. Dublin: Institute of European Affairs, 1998, 249 pp. $22.00.

Bobby McDonagh, an Irish diplomat who was deeply involved in the 1997 negotiations that led to the Treaty of Amsterdam, has written a sprightly, candid, and detailed account of the long process that began with the Reflection Group meeting in June 1995 to prepare the Intergovernmental Conference. The reader will gain a clear understanding of the institutional complexities of the European Union, the diversity of views among EU members, and the range of problems facing the EU today. One of the book's virtues is that it is free of jargon. Another is the balanced judgment of the author, who concludes by pointing out the failures of the members (for instance, the inability to establish a common foreign and security policy or conduct institutional reform) as well as the treaty's modest advances. He also makes practical suggestions for the EU's future.

Moral Issues in International Affairs: Problems of European Integration. EDITED BY BILL MCSWEENEY. New York: St. Martin's Press, 1998, 265 pp. $65.00.

Students of the EU are increasingly turning their attention to its global role. This volume discusses ethics, namely peace and justice within the EU and on the global stage, and analyzes the EU as an actor in world politics. The ethical probe sharply criticizes EU members' arms export policies and the failures of the EU role in overseas development. The analytic part includes a critique of NATO enlargement and a discussion of the compatibility of neutrality with membership in the EU. The most dazzling essay in the volume is

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Joseph Weiler's "Ideas and Idolatry in the European Construct." A champion of supranationalism (as opposed to a more centralized view of European unity), Weiler laments the disappearance of what he terms "original foundational values" in recent years, mourning that "Europe has become an end in itself—no longer a means for higher human ends." He calls for a European construct that "allows for a European civic, value-driven demos coexisting side by side with a national organic-cultural one." Altogether, a thought-provoking, albeit fragmentary, volume.

From Civilian Power to Superpower? The International Identity of the European Union. BY RICHARD G. WHITMAN. New York: St. Martin's Press, 1998, 251 pp. $69.95.

The European Union and the World Community. EDITED BY CAROLYN RHODES. Boulder: Lynn Rienner, 1998, 259 pp. $52.00.

Whitman, a lecturer at the University of Westminster, has investigated the international identity of the EU through a conceptual framework rather than a thematic one. In his eyes, the EU is a system in flux under a variety of political influences, including pressures from the member states and the European Parliament. This learned, serious, but ponderous study has the merit of showing both the originality and complexity of the European enterprise.

Meanwhile, the essays in the volume edited by Rhodes provide a sober and reliable survey of the role of the EU as a global actor in trade, monetary relations, environmental issues, and interstate relations. The authors also highlight the institutional flaws of the EU and the tension between member states that continue to seek autonomy in the EU even as it becomes an emergent power. A comprehensive and readable collection.

The Mitterrand Years: Legacy and Evaluation. EDITED BY MAIRI MACLEAN. New York: St. Martin's Press, 1998, 336 pp. $69.95.

A senior lecturer at the University of London, Maclean has compiled a fine collection of essays by French and British specialists to present a rich balance sheet of the two terms of François Mitterrand. Most of the volume is devoted to describing how "Mitterrandisme" affected French culture, diplomacy, defense, socialism, and the state. Among the main themes are the persistence of *dirigisme*, which receded in some sectors while expanding in others, and the replacement of traditional socialism with the inadequate "Republican model" of national and civic integration around the state. The book also covers the failure of the antiracism movement, the mixed record on the promotion of women, and Mitterrand's embrace of European economic and monetary union. The chapters on the relations between the state and the broadcast media and between the state and the cinema are informative and critical.

On Mitterrand's legacy, author opinion varies from belief in his leadership (Maclean) to skepticism about his record of "unintended achievements" (Alistair Cole). The only important gap in this survey is the effect of Mitterrand and the "cohabitation" of 1986 to 1988 and 1993 to 1995 between a Socialist president and his conservative cabinet on the institutions of the Fifth Republic.

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Western Hemisphere

KENNETH MAXWELL

The Life and Times of Pancho Villa. BY FRIEDRICH KATZ. Stanford: Stanford University Press, 1998, 985 pp. $29.95 (paper).

Villa—the man, the myth, and the revolutionary—dominates this magnificent tome. Katz goes beyond Villa's popular image as a ruthless Robin Hood to investigate the remarkable movement he led: the largest revolutionary army in Latin American history and the only social uprising ever on the U.S. border. Katz first describes Villa's emergence in the Mexican Revolution and the transformation of Chihuahua into a leading rebel center between 1910 and 1913. The revolt, which triggered uprisings throughout Mexico, was also the only revolutionary movement embracing all classes. The *hacendados* (large landowners) were the one exception, and Villa eagerly seized their property.

Katz also recounts Villa's rise as a national leader, disastrous defeats in 1915, and the famous raid on Columbus, New Mexico in 1916. With formidable research, he places his dramatic story in its international context, providing fascinating insights into the volatile relationship between Villa's movement and the United States. Villa's U.S. attack, as he had hoped, provoked General John Pershing to give chase and granted Villa a new lease on life by igniting a nationalist backlash in Mexico. Meanwhile, the taxes he imposed on U.S. companies in Chihuahua funded his guerrilla warfare. Katz also explains how Pershing's failure helped persuade the German military that a declaration of war by the United States would have no major impact on the conflict raging in Europe. This turn of events emboldened German proponents of unlimited submarine warfare and ultimately led to the infamous Zimmerman telegram. Katz concludes with Villa's surrender, his life as a *hacendado*, and ultimately his assassination, which Katz suspects was "the result of the Mexican government's desire for recognition by the United States in 1923." This is exciting history on a scale and eloquence rarely seen these days. It will unquestionably become one of the great classics on Mexican history.

Myths and (Mis)Perceptions: Changing U.S. Elite Visions of Mexico. BY SERGIO AGUAYO. La Jolla: Center for U.S.-Mexican Studies, University of California, San Diego, 1998, 423 pp. $19.95 (paper).

Aguayo, a leading Mexican columnist and foreign affairs specialist, has produced a critical account of the ways U.S. officials, scholars, and journalists have written about Mexico since World War II. Using an impressive selection of sources, Aguayo argues that a critical factor underlying the hardy resilience of the Mexican regime was the equally resilient backing of U.S. elites. Despite the nationalist rhetoric of its southern neighbor, the United States understood that the Mexican ruling class knew which side it was on in the Cold War and supported Mexico's authoritarian rule to keep instability at bay along the border. Aguayo takes U.S. experts to task for creating the myth that Mexico was too difficult to understand because its citizens were uncommunicative with outsiders. Instead, he blames U.S. observers for failing to grasp the inner

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workings of the Mexican private sector and the Mexican state's coercive apparatus. And he is most struck by the lack of interest among U.S. specialists in the U.S.-Mexican relationship, which he sees as preventing a fresh interpretation of Mexican history of the past four decades.

Our Own Backyard: The United States in Central America 1977–1992. BY WILLIAM M. LEOGRANDE. Chapel Hill: University of North Carolina Press, 1998, 790 pp. $39.95.

In a compelling and elegantly written book, LeoGrande provides a detailed exegesis of the bitter struggles over U.S. policy toward Central America in the 1980s. Starting with the overthrow of Somoza in Nicaragua and the outbreak of El Salvador's civil war, he analyzes the intense policy disagreements between the White House and the Pentagon, the CIA, the State Department, and Congress.

While Central America was the site of some of the last battles of the Cold War, it was in Washington that foreign policy bickering tied the vicious internecine struggles over Central America to other policy concerns—leading inexorably to the Iran-contra affair. By paying so much attention to Washington, however, LeoGrande gives too little credit to the Central Americans themselves for the ultimate outcome of peace. In the end, contrary to warnings of Democrats and Republicans in Congress, Central America became neither a Vietnam-style quagmire nor a communist region of "dominoes toppling from Panama to Mexico." Like many in his generation, LeoGrande was profoundly engaged in the Central American crisis. All the same, he has risen above partisanship to produce a book central to any historical evaluation of those troubled times.

Political Policing: The United States and Latin America. BY MARTHA K. HUGGINS. Durham: Duke University Press, 1998, 248 pp. $49.95 (paper, $17.95).

A critical examination of the U.S. involvement in training Latin American internal security forces. Huggins argues that behind lofty claims that such assistance strengthened democracy by professionalizing law enforcement, U.S. participation actually consolidated U.S. influence in Latin American intelligence networks and gave authoritarian regimes an effective means of repression. The result: a system in which American influence had so permeated the domestic security forces that they became autonomous units. Meanwhile, U.S. involvement devolved the state's monopoly on violence to extralegal forces, encouraging death squads and the use of torture and murder against political opponents. These are serious charges, and it would be an exaggeration to attribute the extralegal violence in Latin America to U.S. instigation. Nevertheless, Huggins demonstrates with passion how local conditions can warp even the best intentions and produce frightening consequences.

Although the end of the Cold War, the rise of democracy in Latin America, and a new concern for human rights have muted the old ideological justification for police assistance, many new programs emerged in the 1990s to counter terrorists and narcotics traffickers. Huggins' timely book reminds us that the consequences of such assistance are not always predictable or risk-free.

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Afro-Brazilian Culture and Politics. EDITED BY HENRIK KRAAY. Armonk: M.E. Sharpe, 1998, 224 pp. $61.95 (paper, $22.95).

A Bahian Counterpoint: Sugar, Tobacco, Casava, and Slavery in the Reconcavo, 1789–1860. BY B. J. BARICKMAN. Stanford: Stanford University Press, 1998, 276 pp. $55.00.

The Go-Between/Le Messager: Photographs 1932–1962. BY PIERRE VERGER. New York: Distributed Art Publisher, 1998, 238 pp. $65.00.

Freedoms Given, Freedoms Won: Afro-Brazilians in Post-Abolition São Paulo and Salvador. BY KIM D. BUTLER. New Brunswick: Rutgers University Press, 1998, 306 pp. $52.00 (paper, $22.00).

With an estimated 120 million people of African descent, Brazil is home to the world's largest population of the African diaspora. Emphasizing this group's resilient heritage, Kraay explores the complex relationship between African and European cultural influences in the Brazilian state of Bahia and its capital, Salvador, as well as discussing Afro-Brazilian identity and its differences from black American culture. For example, Brazilians recognize hundreds of intermediate categories between black and white and their definitions have changed over time. Kraay also examines Brazil's special mixture of races, classes, and cultures, from the role of the vibrant Afro-Bahian religion of Candomblé to Afro-Bahian political mobilization in the 1970s.

In a more historical work, Barickman has provided an intriguing account of slavery and agriculture in the Reconcavo, the region around Bahia's great Bay of All Saints and the city of Salvador. Barickman reveals a more complex social landscape than historians had suspected, showing how Brazil adapted agriculture to both overseas and local markets to provide slaves with an alternative to plantation life.

After the abolition of slavery in 1889, Bahia's African identity prevailed to protect its cultural pluralism. Butler's pathbreaking study contrasts the survival of this culture with the experience and political life of urban Afro-Brazilians in São Paulo after emancipation. She finds that São Paulo's Afro-Brazilians maintained a world parallel to the mainstream society, reinforcing an insular black identity, creating a vocal black press, and launching numerous political groups. Meanwhile, the extraordinary homoerotic photographs of the late Pierre Verger, who lived for many years in a Bahian slum and wrote some of the most important books on Bahian-African interaction and cultural expression, include unique images of all aspects of the culture as well as parallel images of ceremonies in West Africa.

Many Thousands Gone: The First Two Centuries of Slavery in North America. BY IRA BERLIN. Cambridge: Harvard University Press, 1998, 497 pp. $29.95.

By concentrating on slavery in North America from the early years of settlement through the Revolution, Ira Berlin restores historical depth and a human face to a field usually mired in angry polemic and narrow quantification. This rich and well-written narrative—the best book on American slavery since Eugene Genovese's *Roll, Jordan, Roll*—challenges traditional accounts. For almost 200 years, for example, few slaves grew cotton, lived in the Deep South, or embraced Christianity. As labor-

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ers on tobacco and rice plantations, skilled artisans in port cities, or soldiers along the frontiers, African-Americans struggled to create a world of their own in circumstances not of their making.

Berlin rejects the postmodernist view of slavery as a "social construction," arguing that historians must recognize slavery as any other historical phenomenon trapped by time and place. None of this will surprise Caribbean or Latin American historians, but it will be a revelation within the more insular world of U.S. specialists. *Many Thousands Gone* shows how we must place American history and the contemporary American dilemma of race and cultural heritage in the hemispheric and Atlantic context to comprehend fully America's peculiarities and uniqueness.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Hearts Grown Brutal: Sagas of Sarajevo. BY ROGER COHEN. New York: Random House, 1998, 506 pp. $26.95.

Cohen, who covered the Bosnian war for *The New York Times*, sees the tragedy as not just the cruelest stage in the destruction of Yugoslavia but as an ugly capsule of this century's evil. Rather than providing a general account of the war, he draws the reader into the shattered lives of three families—a Serb family in Sarajevo and Belgrade, a Muslim family in eastern Bosnia, and a Serbo-Croatian family in Tuzla and Sarajevo. For Cohen, it seemed right "to consider Yugoslavia's destruction through families broken asunder, for this was a war of intimate betrayals." But the war was also more, and Cohen skillfully weaves searing personal tragedy with the agonizing developments on the grand political stage. He uses the story of one Bosnian's long quest to locate his missing father, a Muslim who collaborated with the fascists during World War II, as a very human thread through the history of Yugoslavia itself. His forceful, elegant prose pulses with anger—anger against the Bosnian Serbs, their Belgrade patrons, and what he blisteringly calls the inhumane, bungling diplomacy of Europe and the United States.

Identity in Formation: The Russian-Speaking Populations in the Near Abroad. BY DAVID D. LAITIN. Ithaca: Cornell University Press, 1998, 417 pp. $55.00 (paper, $22.00).

A remarkable synthesis of data and history, converted into powerful theoretical insight, this book is social science at its best. Laitin, a University of Chicago political scientist, takes the reader deeper into the portentous, complex issue of Russians in the "near abroad" than anyone has before. With the help of three able colleagues specializing on Ukraine, Kazakstan, Estonia, and Latvia, he constructs a rich

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but uncluttered account of Russian speakers living in foreign lands, including their identity before the breakup of the Soviet Union, their reaction to that cataclysmic implosion, and current interethnic relations in the new states.

In this work, Laitin brings all of his comparative perspective (most of his earlier work was on Africa) and theoretical acumen to bear. The theory is spare, accessible, and genuinely powerful, illuminating the subject in highly original ways and suggesting outcomes, including disturbing ones, missed by more impressionistic studies: to wit, in the end, Russians are more likely to assimilate into Estonian and Latvian culture than into Kazak and, more surprisingly, Ukrainian culture.

Decades of Crisis: Central and Eastern Europe Before World War II. BY IVAN T. BEREND. Berkeley: University of California Press, 1998, 437 pp. $40.00.

A distinguished Hungarian academic at UCLA, Berend identifies the influences behind the political misadventure of central and Eastern Europe during the interwar period. His range of analysis is immense, from economic history to visual arts and music to ethnic conflict. He sorts through all these factors to explain why the states in this region could not sustain democracy and instead ultimately embraced right-wing dictatorship. His answer largely rests on the baleful effects of economic backwardness and the failure to modernize, as well as archaic social structures, underdeveloped nation-building, and turbulent national minority problems. On his canvas, central and Eastern Europe (from Poland to Albania) as well as the Soviet Union, all appear as pieces of the same portrait—perhaps appropriately so, because some of the old dynamics are uncomfortably recognizable today in the post-Soviet region.

Toward Another Shore: Russian Thinkers Between Necessity and Chance. BY AILEEN M. KELLY. New Haven: Yale University Press, 1998, 400 pp. $35.00.

"Chance" is the key word in the title. For Kelly, universal truths are futile, even dangerous. Between two poles—an absolutist, uncompromising mindset that embraces the "tyranny of abstractions over individuals" and a mindset that rejects encompassing truths for "agonizing choices without the help of universal criteria"—Kelly places herself squarely in the second camp. In her eyes, reality is "inherently fragmentary, at the mercy of time and chance."

Usually, nineteenth-century Russian men of ideas are placed in the absolutist camp and hence held responsible for the excesses eventually leading to 1917. Kelly disagrees. In a series of sharply chiseled essays, she reintroduces many of these thinkers not only as members of the second group, but as so acute in their judgments that they could instruct the current (as she sees it) "postmodern" era. The hero in Kelly's story is Alexander Herzen, the nineteenth-century Russian foe of autocracy, whom she was taught to understand by her other hero, Sir Isaiah Berlin.

Between Serb and Albanian: A History of Kosovo. BY MIRANDA VICKERS. New York: Columbia University Press, 1998, 328 pp. $47.50.

Vickers, a respected historian of the Albanian people and Kosovo, makes a blunt case: because neither the Serbs nor the Kosovo Albanians will accept Kosovo's past constitutional autonomy, only two

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alternatives remain—"independence guaranteed by international force or a bloodbath." Finishing the book in 1997, she reached this conclusion even before the current conflict erupted by basing her assessment on history. Like most students of the region, she argues that the worst of Balkan violence has been "instigated by outside powers and internal interest groups deliberately exploiting nationalism and outright chauvinism." Whether reading her account of the contested origins of the Albanians in ancient Greek and Roman times (contested because they motivate today's passions) or her discussion of the origins of the current tensions (which reignited in 1981), one comes away discouraged by how easy the task of outside troublemakers and inside chauvinists truly is.

Middle East

L. CARL BROWN

Armed Struggle and the Search for State: The Palestinian National Movement, 1948–1993. BY YEZID SAYIGH. New York: Oxford University Press, 1997, 953 pp. $99.00.

With 692 pages of text and 148 pages of notes, this massive work may well be used more as a reference than a book to be read cover to cover. The 68-page bibliography alone offers a treasure trove for scholars, with over 400 interviews as well as internal PLO documents and secondary sources. This book, however, provides more than encyclopedic coverage. It is in-depth narrative history at its best. Sayigh presents (perhaps overly) rich detail but always keeps a clear focus on the many individuals, groups, and ideologies that shaped the PLO, linking the story to the ever-changing policies of the Arab states, Israel, and the principal international actors. His detailed history of the Palestinian national movement highlights the distinctive multiparty nature of Middle Eastern politics and diplomacy.

Between Ballots and Bullets: Algeria's Transition from Authoritarianism. BY WILLIAM B. QUANDT. Washington: Brookings Institution Press, 1998, 199 pp. $39.95.

Quandt's 1969 work *Revolution and Political Leadership: Algeria 1954–1968* was one of the best books ever written on the political system in Algeria, which achieved independence in 1962 after a brutal eight-year war with France. Still following Algeria closely, he has now produced a solid account in two parts: a concise interpretive history from the legacy of colonialism to the present and an analysis of Algeria's current situation that weaves into his interpretation the prevailing theories of others. The book is thus a succinct case study as well as a deft critique of the range of informed opinion. Among Quandt's own findings: the Islamists' popularity has peaked; their appeal is better explained by a "deep socioeconomic grievance" than a distinctive Algerian Islamist political culture; and Algeria, for all its present terror, military rule, and political gridlock, has a fair prospect of making the transition from authoritarianism to an "accountable, representative government."

The Brink of Peace: The Israeli-Syrian Negotiations. BY ITAMAR RABINOVICH. Princeton: Princeton University Press, 1998, 283 pp. $24.95.

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An informed, thoughtful, and refreshingly self-effacing insider's study of a four-year negotiation. Rabinovich, a distinguished Israeli historian of the modern Middle East, was plucked out of academia to serve as ambassador to the United States and then, in 1992, personally selected by Prime Minister Yitzhak Rabin to lead the Israeli delegation in peace talks with Syria. He remained deeply involved in the negotiations until returning to Tel Aviv University following the May 1996 victory of Binyamin Netanyahu and the Likud. On balance, he finds that Israel and Syria never attained a breakthrough despite sustained American encouragement. Implicit in his account is the motif of Rabin holding firm to a strict package of demands and an equally adamant Hafiz al-Asad. Yet when Shimon Peres tried bolder diplomacy after succeeding Rabin, who was assassinated in November 1995, Asad failed to respond in kind. This study deserves careful reading, most of all by statesmen who must one day try again to reach an Israeli-Syrian settlement.

Turkey's Kurdish Question. BY HENRI J. BARKEY AND GRAHAM E. FULLER. Lanham: Rowman and Littlefield, 1998, 239 pp. $65.00. (paper, $22.95).

Barkey and Fuller suggest a solution to the wrenching question of Turkey's Kurds, who now constitute an estimated 20 percent of the population. Since 1984, the leftist Kurdish Workers Party (PKK) has resisted Turkish rule in the underdeveloped southeast, the traditional heartland of Turkey's Kurds—even though the majority of them now lives in other parts of the country. Military efforts to quell the insurrection continue to drain the economy and budget, while allegations of human rights abuses aggravate Turkey's diplomatic relations, especially with Europe. After giving succinct accounts of the history and the current situation, the authors reject the extreme options of enforced assimilation on the one hand and Kurdish independence on the other. Instead, they argue that the Turkish state and society are mature enough to move toward considerable Kurdish autonomy within a decentralized state.

America and the Muslim Middle East: Memos to the President. EDITED BY PHILIP D. ZELIKOW AND ROBERT ZOELLICK. Queenstown: The Aspen Institute, 1998, 194 pp. $9.50 (paper).

An account of a group discussion organized around nine papers treating four subjects—the Muslim world in general, U.S. policy toward Saudi Arabia, Iran, and Turkey—and concluding with policy recommendations for the president. The papers are well done, and the recommendations are sound enough if rather cautious: for example, the United States should devote more attention to Saudi Arabia and Turkey and view "democracy, political pluralism, the rule of law, and free market economies with sympathy" while soft-pedaling direct U.S. action. More interesting are the suggestions that the United States consider "moving U.S. Air Force activities out of Saudi territory" and ending its futile unilateral efforts to isolate Iran. Saudi Arabia, Iran, and Turkey, however, are only part of the "Muslim Middle East." Why no coverage of Egypt, Sudan, the Maghrib, or the simmering religious-political movements in the Fertile Crescent? For that matter, is the "Muslim Middle East" a useful rubric? Several contributors suggest it is not. Then, too, the ingrained

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bipolar thinking ("the United States and . . .") misses the potential for a less assertive and less costly U.S. policy through cooperation with other interested parties, such as Europe and Japan.

Asia and the Pacific

DONALD ZAGORIA

Democratization in China and Taiwan: The Adaptability of Leninist Parties. BY BRUCE DICKSON. Oxford: Clarendon Press, 1997, 276 pp. $69.00.

In a sophisticated and insightful study, Dickson asks whether the Chinese Communist Party will democratize China in a manner similar to the Kuomintang in Taiwan. He argues that the party is unlikely to become democratic or democratize the political system. Any move in that direction, he contends, would leave the regime facing the same fate as communist parties in Russia and Eastern Europe: the erosion of power and subsequent collapse.The author contends that the extreme paucity of liberals at the top level of the Chinese Communist Party, the lack of a democratic opposition in China, and the party's unusually strong totalitarian background all give a successful democratic transition slim chances. Whether the reader agrees or not, the book is an important contribution to the literature on China's prospects for democratization.

The First Chinese Democracy: Political Life in the Republic of China on Taiwan. BY LINDA CHAO AND RAMON H. MYERS. Baltimore: The Johns Hopkins University Press, 1998, 372 pp. $45.00.

In this sophisticated and carefully researched work, the authors claim that the key to Taiwan's political success was a ruling party willing to engage in a top-down, guided democratic process while tolerating an opposition-driven, bottom-up approach to democratization. These two developments eventually converged without extremists on either side resorting to excessive violence or sabotage.

The authors believe that Taiwan's experience is unique because its ruling party tolerated both the emergence of political opposition and the prospect of sharing or even losing power—even though it could have chosen to hold on indefinitely. They conclude that two of the key prerequisites for developing and sustaining democracy are a responsible opposition and respect for constitutional law and institutions. But the authors also stress that strong leadership is critical in the early stages of the process and argue that only Chiang Ching-kuo, the son of Chiang Kai-shek, had the power and charisma to lift martial law while restraining the hard-line conservatives in the Kuomintang.

China's Foreign Relations. BY DENNY ROY. Lanham: Rowman and Littlefield, 1998, 264 pp. $21.95 (paper).

This broad—perhaps too broad—survey of China's foreign policy covers its relations with other major powers as well as its increasing economic interdependence, military strategy, and struggle with globalization. The author also takes a stab at explaining the relevance of international relations theory to Chinese foreign policy. Although Roy makes some sensible observations, the book's expansive focus makes it difficult for the reader to delve deeply into any one field.

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Asian Values and Human Rights: A Confucian Communitarian Perspective. BY WILLIAM THEODORE DE BARY. Cambridge: Harvard University Press, 1998, 208 pp. $27.95.

One of the West's leading China scholars, de Bary takes issue with those who claim that the so-called Asian model of development based on Confucianism is at odds with Western principles of individualism, liberal democracy, and human rights. De Bary contends that a liberal Confucian tradition does indeed exist that could lay the foundations for a more tolerant political system in China. While the Confucian tradition differs in some respects from Western concepts of individualism, he stresses that it is compatible with human rights. Although the author's argument is almost certainly correct—all cultural traditions contain diverse elements—he pays excessive attention to the role of cultural factors in shaping liberal politics. Socioeconomic and political factors remain just as, if not more, significant than culture in determining whether a country democratizes or not.

Korea and Its Future: Unification and the Unfinished War. BY ROY RICHARD GRINKER. New York: St. Martin's Press, 1998, 316 pp. $49.95.

A professional anthropologist and Korea specialist, Grinker argues that South Koreans should reconsider their approach to their northern neighbor. Instead of clinging to what he terms the myth of Korean homogeneity, the author believes South Koreans should develop a more tolerant approach and recognize the differences between the two states while striving toward a "melting pot." Unfortunately, the book is marred by the dense, tangled prose of a professional anthropologist. On a more substantive level, Grinker's single-minded approach to the Korean division as a "cultural" problem ignores basic realities: deep mutual distrust; profound ideological, political, and economic differences; and the long North Korean effort to undermine the South Korean regime.

Korea: Security Pivot in Northeast Asia. EDITED BY ROBERT DUJARRIC. Indianapolis: Hudson Institute, 1998, 156 pp. $17.95 (paper).

This sensible, concise volume on the strategic centrality of Korea discusses the changes the peninsula will face in the future and the implications for the United States. The authors' general premise is that Korea remains critically important for northeast Asia's security, as has been the case since the Korean War. American bases in South Korea and Japan and American contributions to the defense of Taiwan play a key role. By acting as the balancer in northeast Asia, the United States has tempered lingering security dilemmas between Asian states and kept the region stable. In light of this success story, the authors argue for a continuation of U.S. troop presence in Korea to ensure stability as well as protect vital U.S. interests. This is a book that deserves to be widely read.

Africa

GAIL M. GERHART

South Africa: Limits to Change. BY HEIN MARAIS. New York: St. Martin's Press, 1998, 302 pp. $65.00.

South Africans who regard the economic

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orthodoxy of the International Monetary Fund as self-evident truth have welcomed the conversion of the ruling African National Congress to fiscal conservatism. In contrast, leftist critics condemn what they see as the party's betrayal of working-class interests in a country where income inequalities are among the world's highest. Marais, a radical writer, presents a subtle and stimulating leftist critique, contending that the ANC's commitment to redistribution was always ambiguous. He charges that its failure to develop technical expertise in economic policymaking left it vulnerable to the influence of big business, while its allies in the Communist Party and the labor movement were unable to contribute persuasive policy input in the crucial years from 1990 to 1996. In a searching assessment of the South African left, Marais adopts a Gramscian approach to suggest how the country's marginalized majority could topple South Africa's slowly consolidating ruling bloc.

Transition Without End: Nigerian Politics and Civil Society Under Babangida. EDITED BY LARRY DIAMOND, ANTHONY KIRK-GREENE, AND OYELEYE OYEDIRAN. Boulder: Lynne Rienner, 1997, 526 pp. $55.00.

This informative collection by 21 Nigeria experts presents a bleak picture of the country's decay during the rule of General Ibrahim Babangida. Corrupt and propped up by oil revenues from 1985 to 1993, Babangida helped consolidate a culture of clientelism untempered by any commitment to democracy. At the same time, he skillfully pretended to implement a drawn-out transition to civilian rule to extend his tenure. Nigeria's problems are far more tragic than the work of a few venal men with guns: a military that purged all true reformers years ago, a civilian political class bent on seizing state power solely for self-aggrandizement, and a society fractured by ethnic, regional, and religious divisions. Although a small, divided group of human rights organizations exists, it lacks support from either the political parties or the corrupt judiciary. The public, disenchanted with military rule, remains cynical toward politicians while the international community—with its past record of indifference and opportunism—has yet to harness its power to force reform. A sobering antidote to the flickering hopes generated by reform gestures from Nigeria's newest junta.

Plundering Africa's Past. EDITED BY PETER R. SCHMIDT AND RODERICK J. MCINTOSH. Bloomington: Indiana University Press, 1996, 293 pp. $39.95 (paper, $19.95).

An important book at a time when the booming illicit trade in African antiquities and the despoiling of some of the continent's prime archeological sites generate little concern in the art world. Unless action is taken soon, Africa could lose irretrievable portions of its heritage in the coming generation as affluent art dealers and collectors take advantage of the poverty of petty traders and underpaid government and museum officials. Although the legal terrain is complex and the ethical issues often murky, this work lucidly analyzes the crisis from the perspective of both supply and demand. Of the major art-importing countries, Belgium has done the least to control trade in art acquired through pillage and theft, while the United States has done the most. In Africa, one bright spot is

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Mali, whose president, Alpha Konaré, a former archeologist, has pressed for the most serious controls to date.

The Crown and the Turban: Muslims and West African Pluralism. BY LAMIN SANNEH. Boulder: Westview Press, 1997, 303 pp. $27.00 (paper).

In this erudite work, a Gambian-born professor at the Yale Divinity School explores issues of hybrid religious traditions, toleration, and confrontation with Western colonialism in the history of West Africa's Muslim communities. Sanneh contends that Islam's popularity in West Africa grew from the tenth century onward through its "natural advantages of learning, organization, discipline, duty . . . and its cosmopolitan ethos," as well as its ability to accommodate itself to local traditions. Canonical Islam, for example, sanctioned the slavery practiced among Africans, a tradition Muslim clerics in turn exploited for material gain. Besides slavery, the author tackles other thorny issues of both historical and contemporary relevance, including the adaptation of Quran schools to modern educational needs and the debate between conservative and liberal Muslims over separation of religion and government. A valuable addition to the literature on Islam outside the Arab world.

Rogue Ambassador: An African Memoir. BY SMITH HEMPSTONE. Sewannee: University of the South Press, 1997, 352 pp. $29.95.

Former *Washington Times* editor Smith Hempstone was appointed President Bush's ambassador to Kenya days after the fall of the Berlin Wall. With an enthusiasm for political reform that far outweighed his regard for diplomatic niceties, he embarked on a personal crusade to prod dictator Daniel arap Moi to reform Kenya's corrupt one-party system. His caustic and candid memoir reveals the often mixed results, from the bending and backtracking of Kenyan officials to the bureaucratic caution of the U.S. State Department to the passive see-no-evil attitude of the British. Along the way he provides insightful portraits of Kenya's political class, both crafty insiders and tragically divided dissidents. Old Kenya-hands will savor the author's tales of meet-the-people bushwhacking expeditions while policy buffs will value his take on the 1992–93 U.S. military misadventure in neighboring Somalia. Prophetically, Hempstone cautioned Deputy Secretary of State Frank Wisner in August 1992 that "if you liked Beirut, you'll love Mogadishu." A lively book for university courses in international relations.

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Letters to the Editor

Rachel Ehrenfeld & Charles Saphos on Corruption; Stephen Gibert on Taiwan; Baki Ilkin on the Kurds; and others

CORRUPT? ABSOLUTELY

To the Editor:

John Brademas and Fritz Heimann declare victory in a war but neglect to identify either the enemy or the battlefield ("Tackling International Corruption," September/October 1998). They make no effort to identify any of the five common forms of corruption: cronyism, governance-for-rent, kleptocracy, Colombianization, and corruption of international organizations. Instead, they herald the Organization for Economic Cooperation and Development Convention on Combating Bribery as a prominent multinational effort against international graft. But the convention does little, if anything, to combat the threat. All it does is criminalize some types of bribes while ignoring received bribes, abused authority, institutionalized graft, and domestic corruption. The OECD has abdicated even the appearance of respect for the rule of law. The United States settled for this empty shell because of domestic political scandals alleging the influence of foreign bribes received by the White House.

Instead of turning a blind eye to corruption, the major industrialized countries should create a special international task force. The task force should include senior representatives of justice, finance, foreign, and defense ministries, as well as the intelligence services and watchdog NGOs from around the world. Their mission would be to design enforcement mechanisms for domestic and international anticorruption programs. The penalties for corruption should match its threat to international order.

RACHEL EHRENFELD
Fellow, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University
CHARLES S. SAPHOS
Partner, Fila & Saphos

DIRE STRAITS

To the Editor:

Chas. W. Freeman, Jr., has a selective memory ("Preventing War in the Taiwan Strait," July/August 1998). While he recalls the 1982 Sino-U.S. Communiqué quite clearly, he appears to have more trouble with the 1979 Taiwan Relations Act, which established U.S. arms transfer policy to Taiwan. When Congress was informed about the 1982 communiqué, it denounced it as totally inconsistent with the 1979 act.

Freeman espouses the preposterous notion that terminating arms sales to Taiwan would promote peace, implicitly legitimating a Chinese use of force against Taiwan. Freeman must have been pleased when President Clinton accepted Beijing's position on Taiwan—that it is a renegade

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province—in June, contradicting the policy of all previous presidents, who "acknowledged" but did not "accept" China's position on Taiwan.

Taiwan has not been a part of mainland China since 1895. Of the island's 21 million people, 84 percent are of pre-1949 Taiwanese ancestry, and only 14 percent are ethnic Chinese. The United States should not rule out independence or any other option these people decide on. Unlike Freeman and Clinton, fortunately, most members of Congress think that national self-determination remains an important American value.

STEPHEN P. GIBERT
Director, National Security Studies Program and Professor of Government, Georgetown University

To the Editor:

Freeman's essay is misleading, condescending, and littered with anachronisms. For starters, the so-called consensus on "one China" has never existed among the Taiwanese people, only between the Chinese and Taiwanese governments. In a recent poll, nearly 40 percent of Taiwanese said they preferred to see Taiwan declare independence, while only 25 percent supported unification with China. President Lee Teng-hui's visit to the United States did not collapse any long-standing agreement or trigger new tensions, as Freeman claims. The reactions following that visit simply revealed the strains that already existed.

Contrary to what Freeman believes, Taiwan is not part of China. Claiming a territory is different from possessing one. Taiwan has been under actual Chinese rule for only eight years, from 1887 to 1895. Freeman also says, incorrectly, that the reunification of Taiwan and China would end the Chinese civil war. That war was fought between the Chinese Communist Party and the Kuomintang (Nationalist Party), not between Taiwan and China. The Taiwanese people were the victims of this power struggle and nearly 50 years of a brutal Kuomintang regime. Now that the government in Taiwan has renounced its claim to China, only China insists on continuing the war.

Freeman also misrepresents Taiwan's independence movement, which was sparked by Chinese Nationalist oppression, not by any encouragement from U.S. weapons. Such independence would give Taiwan freedom and self-rule—universal rights and priceless gifts for any country. Freeman should check out an American history book and read about his own country's struggle for independence.

MICHELLE LIN
Senior Analyst, Formosan Association for Public Affairs

To the Editor:

If President Clinton took Freeman's advice, withdrawing the U.S. arms sales that protect Taiwan from forced unification, and Congress slept through the change, two reactions could be expected in Taiwan. Those fearing an attack from China would scramble to safe havens. Those who stayed would be a belligerent bunch.

This feisty remnant would seek alternative means of defense. No longer beholden to the United States, Taiwan would quickly go nuclear. Now that India and Pakistan have tested their weapons, Taiwan probably would not even merit much criticism. Biological weapons might be a low-cost alterna-

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tive. What would Asia look like if Taiwan went nuclear and then Japan or Malaysia decided to join the club?

With America's help, Taiwan has been independent and nonnuclear for almost 50 years. Taiwanese democracy is in flower. No poll taken in Taiwan over the past 20 years shows any sentiment for uniting with the mainland under its current government. U.S. military support for Taiwan may make our new friends in Beijing unhappy, but there are worse things. Taking Freeman's advice would be one of them.

DAVID HESS

Former Foreign Service Officer in Taiwan, China, Hong Kong, Malaysia, and the former Soviet Union

KURDS IN THEIR WAY?

To the Editor:

Roberta Cohen and Francis M. Deng's claims that Turkey engages in "repression against the Kurdish minority" and has the world's "second-largest displaced population" are baseless ("Exodus within Borders," July/August 1998). First, Turkey's Kurdish citizens are not a "minority," because they are just one of more than 30 ethnic groups in Turkey. Second, Kurds are not only equal before the law but participate fully in all walks of Turkish political, economic, social, and cultural life. Third, the authors cite no reliable sources backing their conclusion that Turkey has such a large displaced population.

What Cohen and Deng call "Kurdish repression" is actually the right of the Turkish state to counter brutal terrorism. More than 5,000 civilians have been murdered by the Kurdish Worker's Party (PKK) in its efforts to intimidate local populations. The terrorist scourge, which victimizes the innocent women and children that it claims to represent, makes some villagers leave their homes and seek shelter in the cities. Turkey is determined to protect all its citizens and will continue to assist those who have taken refuge in the cities to escape PKK terror.

BAKI ILKIN

Turkish Ambassador to the United States

JUST A CITY IN OHIO

To the Editor:

Warren Bass has some valid criticisms—of U.S. foreign policy, of U.N. peacekeeping, and of weaknesses in the Dayton Accords—but these are overshadowed by his anti-Croat bias ("The Triage of Dayton," September/October 1998).

Dayton, without the input of President Franjo Tudjman of Croatia, is simply a city in Ohio, not a peace accord. Bosnia, without the Croatian contribution, is a Srebrenica-like mass grave in Greater Serbia. Croatian military victories enabled the former and prevented the latter.

Yet Bass insists on tarring Tudjman and the Croats with the same brush as Slobodan Milošević and the Serbs. His critique that Dayton "treats all sides—invader and invaded, democrat and demagogue—equally" can be

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applied to his constant Croat-Serb and Tudjman-Milošević parallels. Worse, Tudjman becomes a "Holocaust denier," while Milošević gets off with Richard Holbrooke's portrayal of him as "an engaging rogue."

Bass criticizes the Muslims and Croats for cooperating "only as long as it suits both sides' interests." Whose interests should they be protecting?

DOMAGOJ SOLA
Consul General of Croatia, Cleveland

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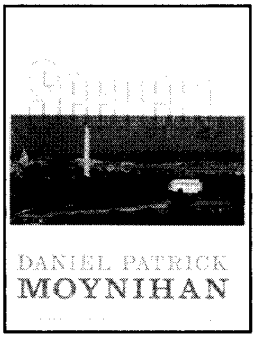
David Kellogg, Publisher

Secrecy

The American Experience

Daniel Patrick Moynihan

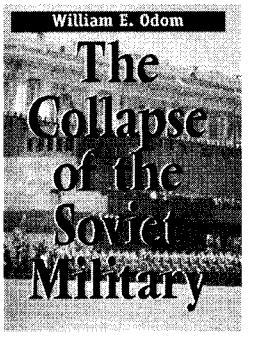
Introduction by Richard Gid Powers



"[A] withering account of the Government's bottomless appetite for 'intelligence'— that is, for collecting, concealing, suppressing and manipulating it....It is hard to quarrel with Moynihan's characterization of cold war secrecy as injuriously 'all-consuming.' ...[His] account...is engaging and informed."—Sam Tanenhaus, *New York Times Book Review* 12 b/w illus. $22.50

The Collapse of the Soviet Military

William E. Odom



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